هكذا من الاصل

FINANCIAL TIMES

No. 27,144 — Wednesday December 8 1976 — ***10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.22; DENMARK Kr.3; FRANCE Fr.2.30; GERMANY DM1.70; ITALY L.400; NETHERLANDS Fl.1.75; NORWAY Kr.3; PORTUGAL Esc.17.50; SPAIN Ptas.35; SWEDEN Kr.2.75; SWITZERLAND Fr.1.70.

NEWS SUMMARY

GENERAL

Nato losing out to Soviets'

miral Sir Peter Hill-Norton, irman of the Nato military mmittee, yesterday delivered at he called his "most obre warning" in three years office about the way the litary balance between East 1 West was tilting in favour the Warsaw Pact.

Addressing Nato Defence nisters in Brussels Sir Peter ticised European defence exnditure and said the Soviet ion was outspending the West every way. If the trends were t reversed the Soviet Union uld gain superiority.

The Admiral argued that it had come impossible to draw any isible line between foreign, fence and economic policy. nance Ministers should attend to Ministerial meetings to ar the defence case.

Meanwhile, it was learned that lland, is ready to take over ne of the foreign exchange ment in British defence ending in return for a greater itish role in maritime reconissance. Dutch offer, Back ge

mith sticks to issinger plan

. Ian Smith, Rhodesian Prime nister, who is due to resume s seat at the Geneva talks this orning, said before leaving lisbury that he still aimed to e the Kissinger plan impleented. In London, solicitors ting for Mr. Robert Mugabe, e Rhodesian nationalist, issued writs against Beaverbrook ewspapers and Mr. James avies in respect of allegations an October 29 article in the aily Express.

ebel Heath ngers Tories

r. Edward Heath's rebellious claration that he would not pport the Shadow Cabinet's tal opposition to the Government's devolution Bill drew gry criticism yesterday from ti-devolution Tory MPs. Back ge

roadmoor hunt

male patient, aged 53, who d been sent to Broadmoor in 69 after being convicted of tempted murder and arson, is being hunted last night after caping from a working party the hospital grounds. At tland's Carstairs mental hostal, where two patients broke t last week, 60 nursing officers, rried about a more liberal gime at the hospital, picketed e gates.

EEC attack

hard hitting attack on the ilure of EEC Governments to plement the recommendations his European union report s made in a London speech ich was read last night for Leon Tindemans, Belgian nister, in his absence. Page 4

iki may go

. Takeo Miki has decided to thdraw from the Japanese emiership, according to the wspaper, Yomiuri Shimbun, ich said the Liberal Demoatic Party may meet towards e end of the month to select new leader. Back Page

25,000 reward

rclays Bank is offering a ward of up to £25,000 in connection with Tuesday's raid on South Woodford branch.

riefly . . .

ance was without newspapers r the third time in five days cause of a printers' strike. ge 4. Giscard's troubles, Page

. Kurt Waldheim has been reected UN Secretary-General. ge 5

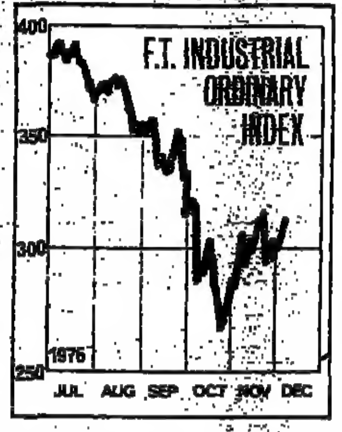
rd Britten, the composer, was ried at Aldeburgh, Suffolk.

ster postmen have called-off eir overtime ban.

BUSINESS

Equities up 9.7; gold down $\frac{1}{2}$

● EQUITIES improved and there was a modest increase in turnover. The FT 30-share index rose 9.7 to 319.8 while the All-



Share gained 1.8 per cent. to 137.04. The breweries index was 5.9 per cent. higher at 132.69.

● GILTS were eventful, with a new replacement long "tap" issued. At the short end of the market gains ranged to ⅛. The Government Securities Index was 0.01 lower at 58.56.

● STERLING rose 1.45c to $1.6715; its weighted depreciation improved to 44.6 (45.4) per cent. The dollar's widened to 0.23 (0.03).

● GOLD fell $½ to $134¼ ahead of today's IMF gold auction.

● WALL STREET was 1.56 up at 963.43 near the close.

● U.S. TREASURY Bill rates: threes 4.383 (4.406) per cent.; sixes 4.516 (4.567).

Clothing aid relaunched

● THE GOVERNMENT is to relaunch its Industry Act aid scheme for the clothing industry with increased rates of grant and relaxed conditions for applying when the present scheme, to which there has been a disappointing response, runs out at the end of the month. Back Page

● DEMAND from abroad for British executives continued to rise in the third quarter, according to MSL, the management recruitment company. Page 17

● MR. DAVID MACDONALD is to succeed Mr. Martin Harris as director general of the City Take-over Panel on April 1. Back Page; Men and Matters, Page 18

● TUC is increasing pressure on the Government to veto any devaluation of the EEC green pound until the Common Agricultural Policy is reformed. Page 10

● JAPANESE steel mills are planning to reduce production in the next quarter by about 7 per cent. to cope with a fall in both export and domestic demand, said the Nippon Steel Corporation. Page 7

● ATLANTIC Richfield has sold its share in a Texan uranium mine and plant for $50m. Page 23

COMPANIES

● STANDARD Chartered Bank is taking over Wallace Brothers (Holdings), whose banking subsidiary faces serious losses on its loan portfolio. The Crown Agents has a 27 per cent. stake in Wallace. Back Page. Standard Chartered first-half pre-tax profit rose to £47.67m. (£46.73m.). Page 21 and Lex

● JOHNSON and Firth Brown has issued its formal offer document in its bid for Dunford and Elliott. The document forecasts first-half pre-tax profits of £4.5m.

● RANKS HOVIS McDougall pre-tax profit for the 53 weeks to September 4 was £39.85m., an increase of £12.7m. compared with the 52 weeks of the previous year. Page 22 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 3pc 1982	71¼	+ ¾
row "A"	53	+ 7
lbright and Wilson	75	+ 4
llied Breweries	57½	+ 5
SR	89	+ 5
abcock and Wilcox	60	+ 4
ass Charrington	81	+ 6
ATs Dfd.	220	+ 7
eecham	356	+ 10
rmingham Mint	53	+ 5
immon Bros.	140	+ 16
istillers	115	+ 4½
MI	216	+ 11
son and Robbins	37	+ 7
sons	277	+ 10
US "A"	151	+ 6
KN	218	+ 7
laxo	385	+ 13
CI	300	+ 8
IC Gas	300	+ 23
Kelsey Inds.	49	+ 7
Laing (J.) "A"	62	+ 5
Lucas Inds.	186	+ 11
Marks and Spencer	87	+ 4
Martin the Newsagent	90	+ 8
May and Hassell	52	+ 10
Myddleton Hotels	67	+ 5
NSS Newsagents	48	+ 5
Ozalid	96	+ 5
Pilkington	276	+ 7
Plessey	52	+ 4
Royal Insurance	232	+ 12
Stone-Platt	87	+ 6
Union Discount	272	+ 17
Wolseley-Hughes	87½	+ 7½
Shell Transport	420	+ 6
Middle Wits	225	+ 10
Pancontinental	725	+ 25

FALLS

Chapman (Balham)	65	− 10
BP	766	− 14

Big banks impose strict restraint on new lending

BY MICHAEL BLANDEN

Strict restraint on new lending is being imposed by the big banks to bring their growth back into line with official controls after a further substantial increase last month.

The latest figures from the banks show that in mid-November they were well above the ceiling set for their expansion under the so-called corset controls reintroduced last month.

They underline the need for a tough squeeze on credit as a result of official measures to bring the money supply under control. This is likely to hit particularly hard borrowers in the personal sector and other non-priority groups such as property companies.

In November, the first month of the new controls, the London clearing banks had increased their interest-bearing resources by 10 per cent. compared with the base period under the corset.

This growth has to be cut back to a rise of only 3 per cent. in these resources over the six-month period to next April. Other banks were not quite so badly placed, but the banking sector as a whole showed a 6.2 per cent. rise, still more than double the growth permitted for the whole six months.

The clearing banks have started to send out new instructions to their managers. At present, these are largely emphasising the need for strict selectivity in examining applications for new borrowing and to observe the official request to give priority to manufacturing industry and finance for exports.

However, the banks recognise that if they are to avoid the stiff penalties which can be incurred under the corset, they may be faced with refusing new loans to personal borrowers and cutting back on loan facilities agreed with customers as they come up for renewal.

At present the authorities appear to be determined to carry the strict monetary policy through, even at the risk of damaging economic recovery and the industrial strategy, against the background of the International Monetary Fund's expected conditions for granting the U.K. credit application.

Deposit funds

The pressures on banks in the next few months will include the payment of another £370m. of special deposits due on Tuesday. This payment was postponed from last month to help banks over a period of exceptional pressure, but there is no indication so far that the authorities will again put off or remove this requirement in the light of developments since then.

The figures also highlight reasons for official action to control the money supply by acting on the private sector. They show further significant rises in bank lending and in the banking sector's eligible liabilities.

These are the banking sector's main deposit funds and an important component of money supply on the wider definition (M3). Last month they showed a rise of £633m. to £37.2bn., after a rise of more than £800m. in the previous month.

The impact on money supply last month may have been substantially offset though by the considerable volume of official sales of gilt-edged stocks. At present, the signs are that the Government's action is having the desired effect in bringing the growth of money supply back into line with the 12 per cent. target for the curernt financial year.

The latest growth in lending took place before the controls were reimposed. The banking month ended on November 17, the day before the announcement of the corset.

During the four weeks to that date, London clearing banks increased their sterling lending to the U.K. private sector by £71m. After allowing for normal seasonal influences, however, the underlying rise was probably about £200m.

This was in line with the trend over recent months and appears to have reflected a number of influences in a rather exceptional period.

The rise in lending was concentrated in the manufacturing sector—and one factor causing the increase appears to have

Continued on Back Page
Bank figures Page 26

Healey hint on sterling balances lifts pound

BY RICHARD EVANS AND PETER RIDDELL

THE POUND rose by nearly two cents yesterday afternoon after a statement by Mr. Denis Healey, the Chancellor of the Exchequer, that he hoped agreement in principle on a solution to the problem of the sterling balances could be announced at the same time as next week's economic measures.

Speaking at a Foreign Press Association lunch in London, Mr. Healey said he hoped that the "decisions which will be announced in a week's time, will give sterling a stability over a long period."

Mr. Healey's speech followed the first of two Cabinet meetings yesterday to discuss the forthcoming economic package and the terms of the $3.9bn. loan Britain is seeking. A statement is not expected until next week.

While it was being stressed in Whitehall last night that the Chancellor's reported comments were little different from what he has said in other speeches, the emphasis is firmer than before.

It is now clear that progress is being made internationally on at least a declaration of intent in next week's statement about talks on the future of the balances, though the details are not likely to be resolved until early next year.

It is understood that the Government is considering a multilateral facility on which Britain would draw if the sterling balances fell below a certain level while repayment would be in the medium term.

The seasonally adjusted current account deficit for the third quarter is now calculated at £637m.
Page 8, Editorial comment, Page 18

The threat to the pound from the potential withdrawal of the sterling balances was underlined yesterday in the third quarter balance of payments figures.

These show a drop of £355m. to £2.76bn. in the official holdings in the period. This compares with a peak of £4.9bn. in early 1975.

The increased possibility of a safety net arrangement for the balances was sufficient to reverse an early decline in sterling yesterday so that the pound closed a net 1.45 cents higher on the day at $1.6715.

The trade-weighted depreciation narrowed to 44.6 per cent. from 45.4 per cent.

During the day, as the Cabinet continued its discussions on the ingredients of the economic package, Labour MPs were warned to prepare for painful public spending cuts.

Mr. James Callaghan went out of his way in the Commons to stress that no soft options were available to the Government as it sought to reduce the size of the public sector borrowing requirement.

No matter what decisions were taken by the Cabinet, the results would be painful and there was no escape from this, the Prime Minister declared.

Mr. Callaghan rejected a Left-wing claim that "savage and deflationary economic policies" were now in prospect, but he immediately entered a caveat that everything depended on the definition of "savage."

He had told the country within hours of his election as party

Continued on Back Page

Oil, gas reserves 'worth £300bn'

BY RAY DAFTER IN BIRMINGHAM

BRITAIN'S oil and gas reserves could be worth more than £300bn. at current energy prices, according to the latest Government estimates.

The Government also forecasts that in 1980, output of North Sea oil alone will improve the total balance of payments by over 3 per cent. of Gross National Product.

By 1985, the annual balance of payments benefit could rise to between 5 and 5.5 per cent. of GNP.

These projections were disclosed yesterday by Dr. Dickson Mabon, Minister of State for Energy, to support the Government's contention to International Monetary Fund negotiators that the U.K. economy is on the mend.

"We are not down and out; we are on the way up," he said.

The message, delivered at a Financial Times off-shore conference in Birmingham, was to have been presented by Mr. Anthony Wedgwood Benn, the Energy Secretary, but he was detained in London by a Cabinet meeting called to discuss the terms of the IMF loan.

Dr. Mabon said that the balance of payments boost would come at a time when the bulk of Britain's medium-term foreign currency borrowings would fall due for repayment.

Amoco's Montrose reserves Page 10
Conference report Page 26

North Sea oil and gas must be used to square the country's accounts with the world, but he said it was wrong to assume that the resources were mortgaged up to the hilt.

"The huge value of our oil and gas riches cover to-day's overseas debts many, many times over.

"Those who have been taking a jaundiced view of the British economy should perhaps do two things: analyse the value of our oil and gas reserves most carefully and take note of the strong economic position which our self-sufficiency in energy will give us in the 1980s."

The net oil import bill, running at £10m. a day at present, would be rapidly reduced over the next three years.

Dr. Mabon's optimistic predictions were tempered by Mr. David Steel, chairman of British Petroleum, a major North Sea operator.

He said that in order to encourage the maximum exploitation of reserves, the Government must recognise the need for investment incentives and a stable political and fiscal climate.

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

£500m. new 'tap' stock issued

THE Government announced yesterday another £500m. issue of gilt-edged stock as par of the continuing operation to finance the public sector deficit, writes Michael Blanden.

The new stock will replace the long dated "tap" stock issue which was exhausted on Monday. The move was interpreted in the market as effectively a holding operation, giving the authorities a supply of stock on tap to influence the market of the economic package expected next week.

The normal timetable of gilt-edged stock issues has been slightly accelerated on this occasion so that the new stock will be open for subsriptions on Friday. This will enable dealings to start on Monday ahead of any Government announcement.

At the same time, the Bank of England's apparent policy of keeping the markets steady for the time being was again affirmed by a clear signal that the authorities would not be prepared to see a cut in minimum lending rate on Friday.

Dampened

The signal was given by forcing the discount houses to borrow for seven days at the current 14¾ per cent. MLR—the third successive week this technique has been used.

The markets are expecting a downward trend in interest rates to begin soon and yesterday the discount market was anticipating events by keeping rates on Treasury bills at just around the 14 per cent. level which would trigger an MLR cut.

The terms of the new stock issue, in line with the market, were taken to confirm the view that any significant move must now wait until after the package. The stock is a further £500m. tranche of 15¼ per cent. Treasury loan dated 1998. At an issue price of £99 per cent. it yields 15.66 per cent. flat and 15.67 per cent. to redemption.

The news dampened the gilt-edged market, where significant official sales of the medium and short stocks held by the authorities were reported. At the close, the Financial Times Government Securities Index was 0.01 down at 58.56.

£ in New York

—	Dec. 6	Previous
Spot	$1.6610-6620	$1.6625-6635
1 month	1.72-1.69 dis	1.55-1.61 dis
3 months	4.54-4.50 dis	4.44-4.40 dis
12 months	13.80-13.75 dis	13.60-13.50 dis

Revaluation confuses Australians

BY KENNETH RANDALL

CANBERRA, Dec. 7.

THE AUSTRALIAN business and financial community has been thrown into turmoil by the Government's decision to-day to cut 2 per cent. off the devaluation announced only 10 days ago, and to charge a wide—although vaguely-defined—range of tariffs on imports.

Throughout to-day, the Government was able to offer only the most generalised explanations of both decisions. The reaction of a wide section of business was summed up in a message late to-day to Mr. Malcolm Fraser, the Prime Minister, from Mr. Max Dillon, president of the Associated Chambers of Manufacturers of Australia.

"Manufacturing industry," said Mr. Dillon, "is bewildered by the Government's decision to revalue the Australian dollar by 2 per cent. after the sudden, massive 17.5 per cent. devaluation announced on November 28.

The fact that the Government has not, as yet, made any firm commitment on protection levels for Australian industry is adding to the confusion."

Although the Government did make a long statement on protection levels a few hours later, it appears to have done little to reduce the confusion.

The latest variation in the exchange rate was recommended to the Government yesterday by a group of senior advisers in line with the new policy that there should be "more frequent and smaller shifts" in parities to make the exchange arte "more flexible."

The group comprises Mr. Harry Knight, Governor of the Reserve Bank, Sir Frederick Wheeler, the Treasury Secretary, and Mr. Allan Carmody, secretary of the Prime Minister's department.

Government officials to-day reported that the resumption of capital inflow in the first week after devaluation had been in the order of $A200m., suggesting the need for immediate discouragement if the flow was not to become a flood.

Shares down

In line with the "managed float" to which the Government is now committed, Mr. Phillip Lynch, the Treasurer, approved the revaluation proposal without even referring it to the Cabinet.

Banks were informed of the decision half an hour before they opened for business this morning and the news media received the announcement from the Reserve Bank in the next two hours. Foreign currency transactions seem to have been at a virtual standstill during the day and shares in leading mining and exporting stock were marked down heavily on the Stock Exchanges.

Although Mr. Fraser and Mr. Lynch insisted in Parliament that the revaluation was appropriate and entirely in line with the intentions announced last week, the change has been seen in practically every quarter as an admission that the Government was wrong in its initial 17.5 per cent. devaluation.

To-night's official announcement on tariff policy, again argued that the devolution had been dictated largely by the fact that since 1970-71 the competitiveness of Australian import-competing industries had declined by 17 per cent.

According to the Industries Assistance Commission, which is the Government's statutory adviser on tariff matters, the November 29 devaluation had the effect of raising the nominal rate of average tariff protection by about 80 per cent., and of increasing the price of imports by about 21 per cent.

However, Mr. John Howard, Minister for Business and Consumer Affairs, said the Government was "firmly on the view that any atempt to fully offset the effect of devaluation by a general compensatory tariff cut would be unwise and very costly to industry confidence."

Tariff quotas

So what the Government has settled for is a series of marginal offset measures whose effects, Mr. Howard says, are impossible to quantify at this stage.

From to-morrow, the quantitative restrictions on imports of built-up cars will be removed. So will the tariff quotas on unassembled cars. But at the same time, the Government has reaffirmed its policytha t about 80 per cent. of the car market will be preserved for domestic manufacturers.

Mr. Howard Readily admitted at a Press conference to-night that the effect of these measures on inflation within Australia would be "minimal" and that they could well be reversed in the near future, depending on market reactions.

The statement made it clear that there would be no changes in other "temporary" assistance measures—that is, tariff or non-tariff import barriers.

On about 900 import items, the Government intends to reduce or abolish the British preferential tariff by the end of next January. As a basis for these actions, it is using an Industry Assistance Commission report submitted 11 months ago.

This report found that, without generally adverse effects on local industry, the British preference margin could be eliminated by reducing the general tariff rate in about 700 cases, and reduced by similar action on about 100 other items.

LOMBARD

ED18 and the Duke of Plaza-Toro

BY ANTHONY HARRIS

THE PUBLICATION of ED18, the exposure draft on inflation accounting from the Accounting Standards Committee, has inaugurated what is meant to be a six months' open season for criticism and comment. The subject is now no doubt a bit of a bore; but I greatly hope that qualified readers will fight down their boredom and join in. The issues raised by the present proposals seem to me to be profoundly important; if the only result of all the fuss is to replace one set of accounts which, while misleading, is at least drawn up according to consistent principles, with a new regime which is not only misleading but vague, we will in *some ways be worse off than ever.*

A brief reminder of the issues which are at stake surely suggests that the profession ought to be offering some answers which are at least clear, even if they remain debatable.

These reasons

First, unless accounts are fairly unambiguous, it is next to impossible for analysts to make fair comparisons between companies; so a vague system makes it very difficult for the City to carry out its supposed role in allocating capital.

Second, a system which leads to what most analysts regard as a pessimistic view of profits is *not* necessarily an improvement on one which is known to overstate them. While historic cost accounts have tended to undermine solvency, pure CCA accounts could reduce creditworthiness and impede enterprise. They are also *likely* to depress investors and so raise the cost of capital. All misleading accounts are damaging, not just over-optimistic ones.

Third, while no accounting system is proof against determined fraud, there is no need to issue open invitations.

For all these reasons, one had hoped first that the Committee would recognise the importance of money, as in fact they clearly did; and that having recognised it, they would express this recognition in some clear proposals.

Reading through the draft itself, listening to the dangerously charming defence of it put forward by its main author, Mr. Douglas Morpeth, discussing it with members of the committee and with its critics has driven me to something near despair. The Sandilands report was at least an honest, though to my mind profoundly misguided, attempt to produce less misleading accounts. Defenders and critics could take their stand on points of principle, and slug it out.

ED 18 is something quite different. It enshrines the profound British desire for compromise and distaste for theory; and its instant welcome by a whole collection of bodies who show no evidence of having given a moment's serious thought to the issues represents an even more widespread wish that everyone concerned would shut up. This welcome has been earned by the fact that Mr. Morpeth and his colleagues have succeeded in *dodging all the contentious* issues, simply by listing the questions and refusing to offer an answer of their own. Where Sandilands was wrong-headed, Morpeth is evasive; and with evasion on one side and ennui on the other, the critics are going to have an uphill task.

The evasion appears to be completely deliberate. The great advance made by Morpeth is that ED 18, unlike Sandilands, does recognise the importance of the treatment of monetary assets and liabilities in anything which deserves to be called a system of inflation accounting. But instead of offering a way of making this allowance, and inviting comments—which I had innocently supposed was the purpose of an exposure draft—Morpeth lists no less than six alternative approaches, and leaves it to company directors and their auditors to produce accounts *à la carte*, embodying any of the six, or indeed no monetary correction at all.

Too important

This was done, it seems, because soundings showed that no prior agreement existed on a correct approach — a fact which was surely evident enough when Sandilands was published. The whole approach reminds me of two legendary figures: the Scottish preacher who said to his flock: "My brethren, we come here to a severe difficulty. Let us look it squarely in the face, and pass on." Or perhaps more appositely still, the Duke of Plaza-Toro, who, it will be remembered, led his regiment from behind—he found it less exciting. Inflation accounting is not at the best of times exciting, but it is surely too important to be treated in this way.

GARDENS TO-DAY

Fine leaves and flowering plants

BY ROBIN LANE FOX

CUT SHORT on the virtues of Rose The Fairy last week, I must do this small pink-flowered rose full justice by pointing out the freshness of its leaves. They are so green and so healthy. The Fairy flowers during most of the summer, but its fresh leathery green background, like Box, as one expert describes it, does raise it beyond the merely colourful.

Perhaps you think the "merely colourful" is a poor description of a garden plant. The fashion for fine leaves has now had a long run, and the days when gardeners were proud of their Hostas seem to me to be past. In any but the smallest gardens, I think it is more important to grow plenty of the plants which one likes than to worry whether these happen to be good in flower or leaf. Planting in ones and twos over a wide area does diffuse the effect of a garden. It crept in as a habit in the name of cottage gardening. In fact, cottage gardens seem to me to have worked on a different principle. No empty spaces should be allowed; almost no colours should be thought to clash; plants should run together, no longer in neat groups.

But the varieties of flower were never very many, and the numbers which established themselves of any one kind were very high. Of course, if you happen to love plants and not to care what the garden looks like as a whole, you will not waste space on six Musk roses or a big group of Mrs. *Simkins* pinks. But I am thinking of those who take gardening less seriously or who think they would take it more seriously if, first, they could have a garden which looked admirable. I suggest that they tend to lose their nerve in shops and catalogues, pick too many varieties, rather than stand by a few firm convictions. The result is expensive, and usually a muddle.

Respects

Picking what you like, and planting plenty of it, you may agree with me that, none the less, you must pay your respects to the lovers of leaves. There are refined spirits who think all flowers are vulgar; I think that is silly, not least because flowers are scented, and I refuse to be drummed out of a love for delphiniums, especially white ones, because their leaves are boring. There was a time when I nearly succumbed, filling beds with evergreens, like Fatsia, the cousin of cow-parsley called Bupleurum and "backgrounds" of silver-leaved shrubs. The results were dull. I now feel that half of any planting must have good leaves, that these leaves need not only be on foliage plants but can come from fine flowerers, like Rose The Fairy, that leaves for leaves' sake should be evergreen, especially in the taller parts of a border, and that the purely flowering plants should be very brightly coloured. You will find that magenta grows on you.

The winter concentrates the eye on the evergreen leaves in such a compromise, and I am reminded that a foliage plant does not have to be tall to be impressive. The white stripe down the middle of the leaf of *Iris Pallida Variegata* is as handsome a colour as you could wish. The pointed shape of a small iris's leaf sets off the bright contrast of white and green: this excellent plant, the queen of all small foliage plants, is not cheap nor common, but it is no more difficult to multiply than other small irises. I intend to back it up in the front of a bed where it is well established by adding nearby groups of Euonymus Silver Queen, another variegated evergreen whose markings are more white than silver. Once you realise that this easy shrub is a very slow grower, you will be prepared to group it closely and clip it neatly in the front of a border, even a shaded one. New Euonymus have recently come on the market, Emerald Gaiety being a fresher green and a more vigorous grower. Its leaves turn pinkish during the winter, without being ugly. I reserve judgment, thinking it brighter and meaner than old Silver Queen. But if you want to try it, Bressingham Nurseries, Diss, Norfolk, will supply it. It, too, will grow in shade.

If you dislike variegation, I think you should consider the smaller Skimmias before resorting to the inevitable Bergenia, that large-leaved evergreen which looks like a leathery cabbage and is best, to my mind, in the least common form called Ballawley Hybrid. The Skimmia is fresher and neater, to my eye. It grows into a reasonably moulded shape, without resembling that evergreen *Viburnum Davidi* for which my enthusiasm has faded. Its branches grow particularly outwards, at times almost in layers. It is fun to break off the fat and eminently breakable stems below a joint of the leaves and to grow them on as cuttings. They root so easily. The best front-liner I have found is sold as *Skimmia Japonica Rogersii*, by Sherrads of Newbury, Berks, whose nursery is on a lime soil, something which many other Skimmias dislike. The naming tends to be variable, but here you can always be certain of receiving a true plant. As a female, *Rogersii* will bear red berries. It needs, I think, a bigger male quite near it, an excuse to plant ordinary Skimmia Japonica in the middle of your bed. They look their very best at this dim season.

Fancy

So, too, does the marvellous Pittosporum, if you happen to live in a reasonably warm district. As a middle-to-back filler for a border of bright flowers, I do not know anything better than this fairly hardy shrub. Flower arrangers, as often, have drawn attention to it, as its curled waxy green leaf is such a good foil for strong colour. I fear that a *cold* winter will *kill* it in a cold place, while the lovely grey and white Silver Queen or the black-purple Nigra are *strictly shrubs for mild* gardens. But it grows very quickly and if it does happen to mature, it bears dark bell-shaped flowers which are curiously scented. You can clip a clump of it into a mass of apple-green leaves on darker stems to a height of about five feet. If you were very free with it, you could no doubt do a deal with a florist for the spare cut branches. Among Skimmias, Mahonia and the pointed leaves of Yucca, it has a marvellous freshness, the quality with which I began in the Fairy and which seems to me to be essential in the parts of a border given over to leaves. Seeing frost everywhere this morning, I fear for my Pittosporum's life. But Londoners and others can keep it warm, and it really is too pretty to miss, whether flowers or leaves are your fancy of the moment.

RUGBY UNION — BY PETER ROBBINS

Fifth successive win for Cambridge

CAMBRIDGE'S 15-0 victory over Oxford at Twickenham yesterday gave them the Bowring Bowl and a record fifth consecutive victory in the Varsity match. In itself this is a damning indictment of the state of Oxford rugby. Although the scoring was relatively low, the Cambridge win was comfortable and they scarcely did themselves justice in contributing to the general mediocrity to which the game descended in the last quarter.

The match fell into three parts, with Oxford beginning brightly and using the strong wind well. Hood and Fisher forced Cambridge back repeatedly and the Oxford forwards piled in with good technique to win a lot of rucked possession.

Unfortunately, it was then that the basic fault in Oxford's game was revealed in its entirety. Hood was unable to expand his game and Fisher was quite unable to appreciate the attacking situations presented to him. Neither was able to pass reliably enough to move the ball on accurately so that there was little harmony between them and the centre, Bryan Rahmatallah.

Consequently, in the midst of this purple patch, with the Oxford forwards going really well and needing the support of their threequarters, Oxford could never get the ball to those dangerous wingers, Hoolahan and Willis. Cooke tried to come up but was forced back and so the Oxford threequarters showed themselves to be inadequately skilled and later lacking in self confidence.

Having taken what Oxford threw at them in the first 20 minutes—and Donald Macdonald had done wonders in the line-out—Cambridge quickly turned to the attack with Hignell appearing significantly. It was he who kicked a penalty after 24 minutes and then soon afterwards converted a try by Brown who finished off some delicate passing between Stewart and Alan Lewis. Immediately after half-time the second phase of the game ended as Hignell kicked a second penalty, and he was to succeed again 15 minutes before full time with a third.

Thus with Oxford trying to run dizzily, all Cambridge had to do in the final period was to feed off the Oxford three-quarters' mistakes, and this they did almost parasitically. Significantly, however, Cambridge improved up front with Brown and Nixon winning more line-outs and Steward Edmonds reaching the ball as quickly as the Macdonald brothers.

Gareth Lewis and Hignell had fewer problems and the Cambridge fly-half was able to dictate where the game should take place and when. He was helped by some clean striking by the Cambridge hooker, Beringer, and throughout the match the Cambridge distribution through the scrum was much cleaner.

Cambridge also began to win the second possession and so Alan Lewis, the scrum-half, [had] more time and space to d[isplay] his greater repertoire. In [the] sort of class he stood out [with]out really having to try ha[rd].

Yet the Cambridge back[s were] guilty of many eccentric[ities and] over-complicated moves [where] simple chain passing, in[volv]ing Hignell into the line, [would] have produced more [positive] results. When it mattered, [Cam]bridge showed greater skil[l and] ingenuity, thanks to O'Call[aghan] and the centre Thornton[;] they were greatly hel[ped by] Stewart's ability to und[erstand] their foibles; it was [he who] brought a semblance o[f order] and calm at important m[oments].

Dugald Macdonald ne[ver had] enough time because [of the] immense personal bu[rden he] had to bear. It was [not a] captain's game that he [played]. His brother Donald [gave] marvellous support, as [did] others, but so committed [was the] Oxford pack to the tot[al...] duing of Cambridge th[at they] had little energy or [...] chance to support wh[at ...] for three-quarter attacks.

Edmonds, the Cam[bridge] flanker, ravaged the O[xford] three-quarters and with [...] Stewart on hand, Cam[bridge] could afford to make mi[stakes] that were reparable. In th[e final] analysis Hignell epitomise[d the] potential of the Cambridge [side] which unfortunately on[ly was] realised as an individual.

Scorers — Cambridge: [...] three penalties, one conv[ersion]; Brown, a try.

TENNIS — BY JOHN BARRETT

Bad night for left-handers in wide-open Masters

HOUSTON, Dec[ember 7]

THE SECOND session of round-robin play here in the Summit Arena on Monday night proved that the Commercial Union Masters tournament is the most searching test of talent, skill and endurance in the tennis calendar.

Two players who had won on Sunday, Manuel Orantes of Spain and Argetina's Guillermo Vilas, a past Master, were beaten, and two of Sunday's losing Americans won. Fifth-ranked Eddie Dibbs beat Roscoe Tanner 6—4, 7—5 and sixth-ranked Brian Gottfried beat Vilas 6—3, 2—6, 6—4.

Now the whole issue is wide open and the pocket calculators will be out on Wednesday night to decide which two players in each group move forward to the semi-finals. Only the Pole, Woitek Fibak, who beat Orantes 7—5, 7—6 last night, and Harold *Solomon, who did not play,* are undefeated, while there are two players, Raul Ramirez of Mexico and Tanner, without a win.

All three matches last night produced better tennis than anything we had seen on Monday—perhaps because the players are familiar now with the slow bounce of the Supreme carpet and the flickering images on the giant Telscreens high above their heads at each end of the arena. They were working yesterday during the practice session and were used again during the matches, much to the delight of the 8,000 spectators who were able to see slow-motion replays of exciting points and then watch the players at the post-match Press conferences.

It was not a night for left-handers. All three losers were southpaws and all were outgeneralled. Even the gifted Orantes could not subdue the spirited attack of Fibak, who thus repeated a victory he had gained in their only previous meeting this year in the final of the British hard court championships at Bournemouth last May.

"I know I had to come in and hustle him all the time," said Fibak. "If I stay back he wears me down." The remarkable thing about Fibak's victory on such a slow surface was the quality of his approach work, always deep and fast to prevent the Spaniard from getting set for his famous passing shots.

It produced a rich harvest of winning Polish volleys, and gave us an idea of the depth of talent of this 24-year-old law student from Poznan, who speaks six languages and was voted the most improved player of the year by his fellow professionals of ATP.

There were six service-breaks in the first set to underline the quality of return from both men and six points won against serve in the decisive tie-break of the second set. Orantes was not quite on song. He opened the match with a double fault, the first of four, and was just missing with his lobs and drop shots—due he said, to a re-stringing [that] was too tight. But he was [full] of praise, too, like the [...] man he is, for Fibak's [...] "He was just too good [to]-night." It was the simple truth.

Dibbs took the sting [out of] Tanner's attack by retu[rning] service so well that [...] seeing ten clean aces whi[st] he was always setting the [...] man problems he could[n't] solve. Dibbs' match with [...] to-night will give a point[er to] the likely outcome in [the] "white" group, where set[s and] even games will become [impor]tant.

This result against T[anner] gave Dibbs his first victory [over] the third-ranked American [in] four matches they have p[layed] this year and may have a [bear]ing on the forthcoming rankings.

One had to admire the [per]sistence of Gottfried. With one win from six pre[vious] meetings and three straigh[t] defeats this year he refus[ed to] be discouraged by the ba[rrage] of heavy top spin shots Vilas smote past his more [ortho]dox attack. In the end hi[s per]sistence paid off. Three [...] games at the start of the [third] set, all of them won a[gainst] service, left Gottfried [...] ahead, and despite som[e re]markable and gruelling [...] he kept his nose in front [to the] end, winning his match w[ith a] spectacular ace.

RACING — BY DARE WIGAN

Banking on Kybo for Pickwell

TO-DAY'S two meetings at Ayr and Leicester look like taking place. And at Ayr, backers will expect to get off to a good start by supporting *Bueche Girod* in Division 1 of the Lagg Novices Hurdle.

This gelding, from Brian Lusk's Templepatrick stables in this afternoon appears to be no more difficult. In Division 2 I have no intention of opposing *French Hollow* who, judged on his close second to Battlement at Newbury 12 days ago, is in County Antrim, was sent over to win a similar type of event here on November 22, and his task the nature of a certainty. But, I suspect, he will not be a betting proposition.

Brian Lusk, trainer of Bueche Girod, also sends *Skymas* over for the Vulmidas Trophy Handicap Chase, as he did for the last meeting here when Skymas may have won but for a blunder three fences from home.

In spite of advancing years and 12st 7 lbs in the saddle, Skymas may win. And so, too, may Lusk's Kalahari Desert in the Fisherton Handicap Hurdle, although my preference here is for *Tanora*, runner-up to Golden End at Catterick 11 days ago.

The Dunure Handicap Chase appears to lie between [...] and *Sir Garnet* and, a[s] there is no line between [them], my vote, albeit a narro[w one,] goes to Sir Garnet.

Now that *Bighorn* has [recap]tured his form, he will [take] some stopping and Lady [...] gelding, twice a winner [over] course and distance wi[ll be] capable of conceding 13 lb [suc]cessfully to Vulcan's Tro[...] the Dick Christian Ha[ndicap] Chase at Leicester.

Kybo, a close second to [...] Advice at Folkestone last m[onth,] is a reasonably confident [choice] for the Pickwell Maiden H[urdle] as is *Mezzofanti* for the Clawson Handicap Hurdle.

Charles Vernon Miller, [owner] of Bighorn, no doubt w[ill be] disappointed if he does no[t win] the Oakham Handicap [...] with Pizza, although The [...] is an obvious danger.

AYR:
12.45—Bueche Girod
1.15—Skymas
1.45—Tanora
2.15—Sir Garnet**
3.15—French Hollow

LEICESTER:
1.00—Kybo ***
2.00—Bighorn
2.30—Spartello
3.00—Pizza
3.30—Mezzofanti *

SALEROOM — BY ANTONY THORNCROFT

Britten score sold for £1,050

TIEPOLO DRAWINGS made the highest prices yesterday in a varied day at the London salerooms. A pen and brown ink drawing of the Madonna and Child with a Saint sold for £14,500, and a similar one with angels and a beggar made £14,000. A third from the same set failed to sell.

All told the auction of Old Master drawings at Sotheby's totalled £76,480. Other good prices were the £4,600 from Colnaghi for a forest scene by Ricci, and £2,400 which secured another pastoral drawing by Ricci.

A comparatively better price was the £10,500, paid in a healthy Sotheby's antiquities and tribal art sale, for an Egyptian quartzite head of Sekhmet, dating from the 18th dynasty. It had been expected to go for nearer £5,000. The auction totalled £129,140, and other high prices were the £2,800 for a Roman marble figure of a man of around 100-200 AD; £2,600 from the London dealer Adler for a Yoruba wood Epa mask, probably carved around 1925; and £2,400 for a Rarotonga idol from Polynesia.

Sotheby's also completed a books and manuscripts auction which added a further £68,345. Goldschmidt, a London dealer, paid £6,000 for the first printed account of Magellan's voyage around the world which was written by a secretary to the Emperor Charles V. The State Library of Victoria gave £5,500 for 28 letters written by an English prospector John Lees, of Oldham, during the Victorian Gold Rush. A two volume "Voyage pittoresque de Constantinople" by Melling went for £3,500.

There was a very successful sale of musical instruments and manuscripts at Christie's yesterday which brought in £58,917, with virtually everything selling. The big surprise was the £10,500 paid by Moller, a Dutch dealer, for a violin by Gioffredo Cappa, made in North Italy in 1687. It had been expect[ed to] go for around £4,000. M[oller] also bought a violin by [...]tane, made around 1820, [for] £4,000.

The other exceptional [price] was among the manuscripts. London dealer Otto Haas [paid] £1,050 — over three times [the] forecast — for the autog[raph] manuscript of Benjamin Br[itten's] first published work, The [...] a setting of verses by Hi[laire] Belloc. Haas also acquir[ed the] manuscript of Mende[lssohn's] *Andante con variazione* for [...] hands for £4,400 — comfort[ably] above the estimate.

Other high prices were £9,500 from a German [...] Gruterich, for a violincello by Niccolo Gagliano in Na[ples] in 1775, while another Ger[man,] Benedek, secured a Ty[rolean] violin, made by Jacob St[ainer] in 1656, for £6,500.

The Japanese swords [and] armour sale at Christie's brou[ght] in £94,198.

TV/Radio

† Indicates programme in black and white.

BBC 1

12.45 p.m. News. 1.00 Pebble Mill. 1.45 Fingerbobs. 3.53 Regional News (except London). 3.55 Play School. 4.20 The Wombles. 4.25 Jackanory. 4.40 Goober and the Ghost Chasers. 5.00 John Craven's Newsround. 5.10 The Canal Children. 5.35 Ivor the Engine.
5.40 News.
5.55 Reporting England.
6.20 Nationwide.
7.00 The Superstars.
8.10 Softly, Softly: Task Force.
9.00 News.
9.25 Last of the Summer Wine.
9.55 Sportsnight.
10.35 Who Are The SNP?
11.25 To-night.
12.05 a.m. Weather / Regional News.

All regions as BBC 1 except at the following times:

Wales—5.10 p.m. Mac Gen I Stori . . . 5.30 Crystal Tipps and Alistair. 5.55-6.20 Wales To-day. 7.00 Heddiw. 7.20 Fo A Fe. †7.50-8.10 Laurel and Hardy in "Tit for Tat." 12.05 a.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 12.05 a.m. News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 12.05 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Nationwide (London); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Look East (Norwich); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan.
11.00 Play School.
7.00 p.m. News on 2 Headlines.
7.05 Simple Science.
7.30 Newsday.
8.10 Single Mind.
9.00 The Glittering Prizes.
10.20 Arena: Theatre: Brecht in Newcastle.
10.50 I, Claudius.
11.45 Late News on 2.
11.55 Closedown: David Markham reads "The Plain," by Patric Dickinson.

LONDON

9.30 a.m. Felix The Cat. 9.45 "Ginger In The Morning." 11.00 For Schools. [illegible] Mumfie. 12.10 p.m. Rainbow. 12.30 Mr. and Mr. 1.00 News. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 Dame Edith Evans. 3.20 About Britain. 3.50 Emmerdale Farm. 4.20 The Sooty Show. 4.45 Pop Quest. 5.15 London Scene. 5.30 Sportscene.
5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Wednesday At Eight.
9.00 The Rise and Fall of Benito Mussolini.
10.00 News.
10.30 "The Comedians," starring Richard Burton, Elizabeth Taylor with Alec Guinness and Peter Ustinov.
1.05 a.m. Close: Jacqueline Mackenzie reads from a selection of poems about survival.

All ITV regions as London except at the following times:

ANGLIA

[illegible]

ATV MIDLANDS

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 — 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 — 1,500m and VHF

[illegible]

RADIO 3 — 464m, Stereo & VHF

[illegible]

RADIO 4 — 434m, 330m, 285m and VHF

[illegible]

BBC Radio London — 206m and 94.9 VHF

[illegible]

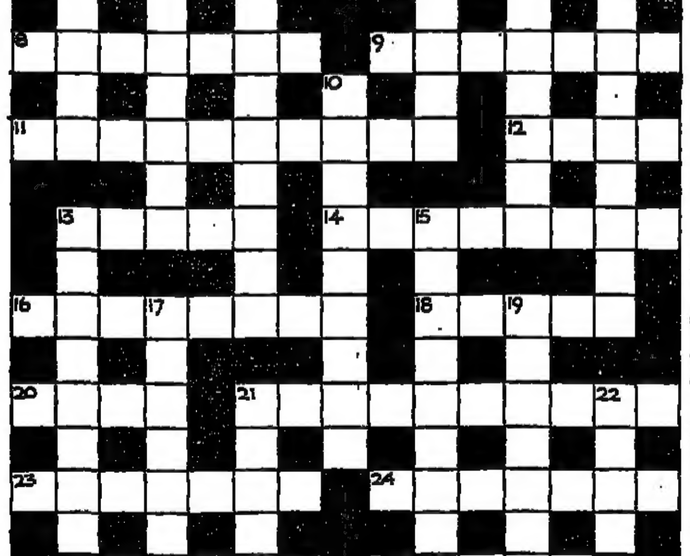
London Broadcasting — 261m and 97.3 VHF

[illegible]

Capital Radio — 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,254



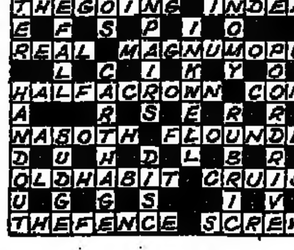
ACROSS

1 Remember to pay another visit (6)
4 Scots capital is without casual wear (6)
8 Blind alley where I am old-fashioned to see (7)
9 Beg two quarters to go on outing (7)
11 Recover shares that disintegrate (4, 2, 4)
12 Buffalo Bill is shy about daughter (4)
13 Fight got cracking (3, 2)
14 Daring mixture I printed (8)
16 Physical developer of brainless beauty we hear (4-4)
18 Row is part of the act (5)
20 Boy takes first 150 from clergyman (4)
21 All-rounder selling spares (3, 2, 5)
23 Tradesman who goes to work in bloomers (7)
24 Object is to clear it somehow (7)
25 Stone in one heavenly sign (6)
26 Very hard to put slippery customer in beastly enclosure (6)

DOWN

1 Strange business having drink on journey (3, 2)
2 Business colleague takes care of a chap (7)
3 With fewer engagements individual is first class (6, 3)
5 County with sound golf course (5)
6 Company joining motor club takes the French boat (7)
7 Put up with puffer having emergency water supply (5, 4)
10 Where camp cooks feels at home in the deep south (5, 4)
13 Old-fashioned member standing by umpire (6, 3)
15 Frost is to vary spin to decide (4, 3, 2)
17 Cloth stiffened by two beasts (7)
19 Inspect what used to be 24 belonging to me (7)
21 Builder joins mother and child (5)
22 Distinguish youth leader on TV (5)

SOLUTION TO PUZZLE No. 3,253



هكذا من الاجل

levision

Shallow waters by CHRIS DUNKLEY

Laurence Olivier in 'The Collection' (Granada)

thering Olivier, Alan Bates, olm McDowell and Helen n all into one studio and getting Michael Apted to t them while they act ld Pinter's *The Collection* is r like calling Escoffier, rt Carrier, Graham Kerr Fanny Craddock all into itchen and then asking Mrs. on to take charge while make toast.

e result, presumably, would ome of the world's best —or in the case of ada's first play in their rence Olivier Presents" , some of the world's best r. But so what? How much admirable it would have to put that tremendous of acting and directing t to work on something y worthwhile.

t us give Pinter his due. In last 20 years he has done than any other playwright xtend that body of work h depends for its effect the intrusion of a domin- g, aggressive, or simply un- ng character on a calm, cosy, domestic situation. it is an almost incredibly ed genre, but undeniably r has exploited it as no playwright has.

is a fact (noted repeatedly dmiring critics) that his is nearly always charac- ed by "ominous pauses" or nacing hiatuses"; he is t at the creation of the erminately threatening sphere.

s use of the banal dialogue ssary to the so-called atre of the absurd" is here near as impressive as implied when his plays first ared in the early sixties, there are many writers in re and television now who a greater aptitude than his capturing the mundane ch of the bus queue: und Ward, N. F. Simpson, Jack Rosenthal are among e who come promptly to l. Nevertheless, he does have irly good ear for idiom.

it when you have said that, have been rather generous he saying, you have said it

e Collection, which we are Sir Laurence himself ted as "the best play of year 1960," tells of James es) vis'ting Bill, a dress gner (McDowell) who lives Harry (Olivier) to investi- the suggestion that James's Stella (Mirren) also a dress gner, slept with Bill in a is hotel.

he one action which is essen- to the very existence of the —Bill's admission of the nown, mysterious, and offen- James into his house—is pletely unconvincing. No that you or I know would te a rude stranger of this t in, yet there is not even attempt within the play to lain or validate this incom- hensible action.

t occurs simply because it is logistical necessity. Without that famous air of menace ld be limited to a few nymous telephone calls, and Pinter could apparently think of no better way of bringing the characters face to face. Once they have met, and the subject of the adultery is finally revealed —once the situation has been milked for all the menace and mystery that can be squeezed from it—we are left to realise that the atmosphere of threat was completely artificial. It is as though one of those Hammer films about mysterious ancient forces were to lead up to a climax in which the sinister tomb is opened revealing abso- lutely nothing: a complete cop out.

Yet, surprisingly, that is not the worst fault of *The Collection*. Much worse is its inability to make the viewer *care* whether Bill and Stella did or did not go to bed together.

I have heard it suggested that *Pinter is just not interested in* plot as such; that "surface ten- sion" is what really concerns him. But if an hour of this sort of surface tension is the best he can offer, then I would rather go and watch a pond for the duration. At least with the pond I would know there was some depth below the surface, whether or not I could see into it.

As it happened, the world of nature upstaged *The Collection* anyway. David Hughes' astonish- ing film for the *World About Us* series, on the wildlife of the Namib Desert, was transmitted on BBC2 shortly before the play on ITV and it was more dramatic, contained more sus- pense, and was in every way more exciting to watch.

We are served so well now- adays in this country by natural history film makers that we are in danger of being blasé about what the David Hughes of this world can do: the BBC's Bristol unit, Anglia's *Survival* team, and Oxford Scientific Films have between them raised our expec- tations to an almost absurdly high level.

Yet Hughes managed to go *beyond those expectations.* Obviously he can take no credit for the bizarre characteristics of the animals he filmed: the spider which cartwheels down sand dunes to evade attacking wasps, the beetles which point their abdomens into the fog and drink the droplets of moisture that run down their bodies; the eyeless golden mole swimming through the sand, and so on. But he must be given great credit for endless patience, and for camera- work which—even given the superb light of the desert—was truly wonderful. It was among the best half-dozen natural history films I have ever seen.

What's more, even though he did not appear to have intended to do so, Hughes managed to tell through the lives of the animals a more powerful, universal, and timeless story than anything that the play managed: for all their cleverness and adaptability the beetles were eaten by lizards, the lizards fell prey to the snakes, and the snakes were eaten by eagles. As plot goes it was familiar, but at least it was plot.

We must not allow producers and directors to be bulldozed (or lured or filibustered) by sup- *posedly avant garde opinion into* pooh-poohing plot. Plot has often been ridiculed by use of the un- gainly description "beginning, middle, and end," but in demand- ing plot one is not necessarily demanding those three—and cer- tainly not in that order. Men have always felt the urge to tell and the need to listen to stories.

I suspect that story telling may perform a function in our mental lives very similar to that of dreaming. When avant garde opinion can convince me that dreaming is out of date, it may be able to persuade me that story telling is, too.

Until then I shall revel in pro- ductions such as BBC2's *I, Claudius* which so sadly ended on Monday (last episode repeated to-night). Perhaps it is simply that fondness, familiarity, in- volvement and identification have grown with each episode, but this version by Jack Pulman of Graves' monumental two-part novel does seem to have got better and better as the weeks have gone by.

It was the densely packed plot which did most to keep me going back for more, but a magnifi- cently high standard of acting throughout a huge cast had a lot to do with it, too. In the last few weeks for instance it has been a joy to watch Bernard Hepton (also hilarious in last week's *Squirrels*) and John

The Entertainment Guide is on Page 12

Cater mothering, intriguing, and kowtowing as Claudius' closest advisers: not unlike a Roman Chico/Harpo duo.

So far on this page I have evaded mention of Derek Jacobi's performance in the role of Claudius himself, because I wondered to what extent the stutter, twitch and limp, far from being the hurdles which people have so admired him for clearing, might actually repre- sent the gift of a springboard to any actor worth his salt. I am still not sure, but by the end Jacobi's performance was of such immense stature anyway that deciding whether Claudius' necessary idiosyncrasies were assets or liabilities seemed im- material. I foresee a string of awards for this serial, starting with director Herbert Wise and producer Martin Lisemore.

I also predict awards for Jean- Pierre Ponnelle's United produc- tion of *Madama Butterfly* which BBC2 and Radio 3 broadcast simultaneously on Saturday. With Karajan conducting the Vienna Philharmonic, Domingo as Pinkerton, and Mirella Freni as Butterfly, the music should have been—and was—extremely good. But it was as television that this opera excelled.

The freeze-frame shots (with singing continuing on the sound- track) were a heart-stopping flop, but everything else that Ponnelle tried worked supremely well, particularly the beautiful treatment of the love duet at the end of Act I in which he had the lovers actually on the grass making love. If this is the shape of TV opera to come—and I have no doubt that it is—then short, stout, sopranos with hairy upper lips will not be in the running for parts.

Domingo and Freni were a couple who made you believe in their sime story.

Olivier

Counting the Ways

by B. A. YOUNG

The reference is, of course, to Browning; I do not have to give the quotation here. Edward Albee's one-act piece ("a vaude- ville," he calls it) deals with a middle-aged couple who seem to be enviously without problems, though like so many middle-aged couples, not to mention young couples and elderly couples, they are troubled with the one prob- lem that can never be truly resolved. "Do you love me?" asks Beryl Reid in the opening line of the play.

I shall call Beryl Reid Beryl Reid and Michael Gough Michael Gough throughout this review, and treat them as if they were the characters that Mr. Albee labels "He" and "She." I do not known how much they love one another offstage, though I hope they do so very much; but the fact is that Mr. Albee has not only not given them any stage personalities to play, he has actually inserted two scenes (at which the lights above the stage blaze out the words "identify yourselves") in which the actors simply come down stage and regale us with scenes from their own lives. The director, Bill Bryden, has—or so they say— instructed them to say something different at each performance. Mr. Gough in particular recounts details of a life different from the information in the pro- gramme; but how do we know it isn't the programme which is wrong?

This is about the depth to which *Counting the Ways* probes into the love-life of his charac- ters. There is in fact nothing more pathetic than Miss Reid's description of what passes for sex between them, in a phrase so brutal that, with respect, I will not quote it here, though it contains no improper words. Apart from that, there are such questions as cooking favourite foods, the true meaning of "Love in the afternoon," the proper use of flower petals to resolve the doubt, she loves me, she loves me not, and what was it we used dandelions for? Michael Gough is allowed his own moment of dis- tress, on the morning when the news is broken that his kingsize bed is to be replaced by twin singles, but it is not distressful in the way Miss Reid's descrip- tion is.

Edward Albee writes like an angel, his choice of words always immaculate, sometimes rendered so in public ("you would think — *one* would think — *might* think"). He is particularly adept at shaping the emotions of mature men and women, especi- ally women, and for all the limi- tations of his target he is adept here. Words like "exquisite" come into the mind (accented on the first syllable in my mind, though Mr. Gough occasionally suggests an American accent) — delicate, epicurean, graceful, sen- sitive. Unfortunately they have to edge their way past words like trivial, slight, lightweight and so on, for there really is not very much matter behind the exqui- site, delicate, etc. dialogue.

The performances at any rate are exquisite. John Bury's set consists of a table and two chairs on a circle of parquet, with a screen behind pierced by three arches. The scenes, which are very short, and separated by blackouts signalled at start and finish by a crack like the blowing *of a fuse, need no more than an* elegant position for one or other or both of the players so that they may exchange their current thought most suitably. All else depends on the delivery of the players, and this is admirable: never really serious, a hint of laughter behind even such fundamental problems as how many children do we have?

Counting the Ways lasts 70 minutes. When it is over, you may return after an interval to hear Stephen Rea read Samuel Beckett's *First Love* one of the National's current Platform Per- formances. As the theatre is charging midweek matinee prices only for *Counting the Ways* because it is so short, this is a generous bonne bouche.

Round House Downstairs

The Pelican by MICHAEL COVENEY

The Pelican is one of the four short chamber plays Strindberg *wrote in 1907, here receiving a* British première in Michael Joyce's production with Prunella Scales as the vampire maternal ogre ironically referred to in the title. For all her claims to be struggling against the odds and sacrificing herself for her husband and children, Elise is quite obviously an appalling person. And yet one of the recurring images in this vivid piece is that of the sleepwalker, or, in Strindberg's terms the person who survives only by in- dulging in gross self-deception.

Elise's husband is dead and she, apparently, is to blame. A letter, found by her consump- tive, alcoholic son Frederick, implicates both Elise and her sadistic son-in-law, Axel, in his death. But the ghost of her dead husband is nothing compared to the humiliation Elise suffers in the play's short course. It is in turning these corners that the production signally fails; there is no undercurrent of volatility or emotion to prompt the characters into the attitudes they adopt.

After all, a lot happens: the meek daughter, Gerda, forms a desperate alliance with her brother and reduces Elise to the status of housemaid in her own home. Axel turns on Elise once the children have guessed some- *thing of the truth and orders his* lover to fetch wood for the fire, cracking down on the table with his thick bamboo cane. Frederick and Gerda frighten their mother with vicious, recriminatory out- bursts while recalling the spar- tan deprivation of their youth, the general awfulness of life at home

The play ends with Frederick setting the house on fire, Elise jumping out of the window and Frederick hugging his sister in a lyrical death pact. John Turnbull and Kate Kitowitz are a little better in their final moments, but their fate is unimpressive because one has not cared very much about them thus far. The play, brilliantly precise and full of accurate domestic detail, is constructed on a series of shift- ing duologues, and these sequences need a voltage in the playing much greater than Mr. Joyce has so far encouraged.

Thirty-six names from the world of showbiz are mysteriously credited on the pro- gramme for their assistance: everyone from Sir Richard Attenborough and Sir Cecil Beaton to Arnold Wesker and Michael White. Perhaps we owe to them the fact that this venue is still open. No mention is made, however, of the translator whom I would guess to be American (Walter Johnson, perhaps?) as no version of the play has been published in England.

Thames TV Playwright Scheme

Four young dramatists, three nominated by London theatres and one by Salisbury Playhouse, will benefit from Thames Tele- vision's Playwright Scheme, with individual grants boosted to £1,750, an increase of £250 over last year.

The playwrights are Stewart Parker, Barrie Keefe, Nigel Baldwin and Derek Graham. Each will be attached to a spon- soring theatre for one year during which time they will be expected to produce one full- length play or entertainment, involve themselves in other aspects of theatre work and gain awareness of the theatrical director's problems.

Since the scheme began in *1973 it has helped 19 young* theatre talents Sir Hugh Greene chaired the Award Scheme panel which included Renee Goddard, Verity Lambert, George Markstein, Anthony John and Michael Billington.

vent Garden

Ariadne auf Naxos

by RONALD CRICHTON

here has only been one house luction at Covent Garden of uss's *Ariadne auf Naxos*, in Lotte Lehmann took the -role, Elisabeth Schumann composer (her husband, Karl in, was the conductor), Maria gün sang Zerbinetta, Strauss lucted a single performance ing the visit of the Dresden ra in 1936, the Munich Opera two in 1972. Pre-war lect, at a time when among uss's operas only *Der Rosen- alier* was firmly established is understandable. Post- absence of a work now ely loved may have been due the number of productions where in Britain, but pos- y to doubts concerning the ability of so intimate a score he large house.

uch doubts were not entirely yed by Monday's new pro- tion by John Copley in igns by Philip Prowse. Edo Waart conducted in place of lamented Rudolf Kempe. This first performance was dedi- cated to Kempe's memory. It may be that respectful thoughts were in some measure responsi- ble for the unwonted sleepiness of much of Mr. de Waart's read- ing—could this have been the conductor who gave such a vital, wide-awake account of *Aida* dur- ing the 1974 Holland Festival?

There were compensations. If any of the words were lost (the opera was given in German, to no great advantage) the fault was not that of conductor or orchestra. The playing was *mostly delicate*, sometimes too much so for the robustness that lurks at the heart of Strauss's filigree inventions. Ironically the general tastefulness brought out exactly the vulgarity, the hint of expensive continental tea-rooms, that a more vigorous reading will skirt but finally and tan- talisingly avoid.

John Copley is habitually accused of using too much detailed movement. In the Pro- logue to this *Ariadne* he has adopted a self-denying ordinance with a vengeance—it would work if the set weren't a dismal blend of biscuit architecture and a plain black curtain, the alcoves peopled with white-masked lay figures serving no discernible function. Against this unsympa- thetic background Yvonne Minton, singing strongly and clearly if not always with the melting effect so admirable a voice should have within its power, sketches what will surely become a valuable portrait of the confused, ardent young com- poser. The Music Master of Geraint Evans and John Fryatt's Dancing Master (this artist's first appearance at Covent Garden) both deserve a more fitting frame. Malcolm King draws the impertinent lackey in a few firm strokes.

In the Opera proper after the interval, all pretence that the performance is taking place in a private theatre is abandoned. The full stage is used, with skimpy wings (biscuit again) and more, much more, sable black, silvered over this time but still funereal. Ariadne's costume, and those for the nymphs, are mostly black too—the comedians are brighter, but their antics (which include the manipulation of a pretty but not very pointful waggon-theatre) do not raise the spirits much.

As Ariadne, Heather Harper sings with great attention to detail but so far not enough fire or dramatic sweep. The top of the voice is superbly confident and sure, the low phrases so important in "Es gibt ein Reich" go for little. She moves grandly. Her Bacchus, Peter Lindroos, must have made fewer unpleasant sounds in this pig of a role than almost any tenor on record. In addition, he makes a considerable number of pleasant sounds—all in all, with the con- ductor finally stirring the score to life and Miss Harper's top notes soaring the duet, so frequently muffed, was the culminating point of the evening.

Ruth Welting, the tiny Ameri- can coloratura, presents Zerbi- netta as a baby-doll with curls and wide eyes—not really quite the kind of charmer to in- corporate Hofmannsthal's worldly wisdom. Her singing is small, sweet, at its best certain, but both in the scene with the com- poser and in the Rondo there were weak, uncertain phrases. *Thomas Allen's Harlequin* had the character and vocal distinc- tion one expects from him. His companions (not a very merry crew) were Paul Crook, Francis Egerton and Gwynne Howell. The Nymphs—Norma Burrowes, Eidd- wen Harrhy and Anne Wilkens, were happier individually than as a team. "Töne, töne, süsse Stimme"—moment of supreme Straussian goo—made a thin effect.

izabeth Hall

Brendel

by NICHOLAS KENYON

lfred Brendel continues to ulate, to provoke, and to vide in his music-making that tle mixture of the intellectual the wilful which makes him of the very few pianists con- ently worth hearing. Is the ple unison phrase which ns Beethoven's Op. 2 No. 2 ata an innocent little *opera* fa cliché, or is it an assertive, se premonition of things to ne later in the sonata? Brendel de it a nonchalant gesture, l happily blurred with his al the running semiquavers ch followed. Thus he in- ased the power of the sur- ses which followed (adding a *lto* to the *espressivo* of the nishing development within exposition)—but wouldn't y have been even more power- if their germinating material l been presented with force?

hroughout this first of seven ethoven sonata recitals, Bren- toyed with his material in a ilar way, creating a bar by dialogue with (and asionally argument with) the nposer which had the result creating an evening of reward- ly high nervous intensity. ere's nothing indulgent in the ngs Brendel does to Beet- ven: his invariable holding- ck at the start of the Op. 2 No. Sonata's Rondo was stiff and nnered, as if refusing the ntle swing of the melody. His elerations, on the other hand, re invariably directed towards increase of excitement: the ing octaves in the Grave roduction to the *Pathétique* nata, or the upward-straining isodes of the Prestissimo from Op. 109 Sonata. These moments were skilfully chosen and brilliantly paced, but they remained highly idiosyncratic.

Sometimes his lightness of touch verged on the insubstan- tial: the E major opening of the Op. 109 Sonata passed as in a mist, and the decorations of the Op. 31 No. 1 Sonata's slow move- ment were merely skimmed over. But the structural inten- tion was clear, for the Adagio interruptions in the later sonata, and the persistent melody in the earlier sonata both emerged with clarity and depth. Again it was the deliberateness of his choices which impressed, even if the choices could not always con- vince.

What was never in doubt was the razor-sharp penetration of both piano tone and of musical content in the sonatas' slower sections. Brendel traced a direct line from the hesitant, jabbing elaboration of the Op. No. 2s Largo appassionato, through the far calmer transformation of the *Pathétique's* famous Adagio cantabile, to the ecstatic disinte- gration of the Op. 109 Sonata's variation theme. In all three movements he managed to give weight and substance to every part of the inner texture: in a way that was absent from the rest of his performance he treated every note as if it was a matter of life and death.

He finished with an extra- ordinary encore: a transcription of Bach's chorale setting "Jesu, joy of man's desiring"; the hymn melody strident and anguished, surrounded by a haze of triplets—an utterly positive, affirmative answer to the even- ing's clamorous questions.

Radio 3

Lunchtime concert

It is good to notice that the BBC give their lunchtime reci- tals at St. John's, Smith Square, more frequently these days to talented younger musicians. Mon- day's programme was shared between the flautist Susan Milan and the clarinettist Anthony Pay, accompanied on the piano by Clifford Benson—young but *substantial artists all.*

Susan Milan's clean, silvery tone, nicely rounded, but with- out any kind of husky edge, was a delight in Prokofiev's D major flute sonata—better known per- haps in the version for violin which the composer arranged for Oistrakh in 1944. It was a per- formance which began a shade nervously, but quickly warmed: graceful, neatly pointed, buoy- ant in the scherzo and finale.

I also admired Anthony Pay's account of the Brahms F minor clarinet sonata (also known in another version, for viola): firm and strong, expressive but never over-indulgent. Fine achieve- ment to control so smoothly the bittersweet conversations, touched with anguish, of the first movement: and shape so carefully the slow movement's long valedictory lines.

Both Pay and Milan came together for a brief fun-finale in four waltzes for flute, clarinet and piano by Shostakovich (whose chamber music is specially featured this lunch- time season)—not in the least typical, but light and charming, done with relish and style. I wish someone could tell me why a staccato cadence of two notes at the end of any moderately fast piece of music is always a signal for audiences to guffaw?

DOMINIC GILL

Trumpeter Howard McGhee to tour

Trumpeter Howard McGhee visits Britain this month for an eight-day tour set up by the Jazz Centre Society. His last British appearance was in 1963 when he came over as part of a package that included Sonny Stitt and J. J. Johnson.

Howard McGhee was one of the pioneers of be-bop trumpet playing in the 1940's and re- corded prolifically in the '40's and '50's with Milt Jackson, Fats Navarro, Wardell Gray, Teddy Edwards, Coleman Hawkins, Gene Ammons, Phineas Newborn and many others.

Tour dates are: December 16, Band On The Wall, Manchester, with Joe Palin trio; (19), Braun- stone Hotel, Leicester, with Tony Richards trio; (20), Chapter Arts Centre, Cardiff; (22), Bull's Head, Barnes, with Pete King and Tony Lee trio; (23), Seven Dials, Shel- ton Street, WC1, with Pete King and Colin Purbrook trio.

EUROPEAN NEWS

USSR reduces growth in trade deficit with West

BY DAVID SATTER MOSCOW, Dec. 7.

THE SOVIET Union is continuing to reduce the rate at which its trade deficit with hard-currency areas of the West is expanding, and appears to be bringing its foreign debt problem under control.

Official Soviet trade statistics show that the Soviet deficit in trade with the West increased by only Roubles282m. (£228.42m.) at the present rate of exchange) during the third quarter of 1976, compared with an increase of Roubles395.8m. (£320.6m.) during the third quarter of 1975.

This year's third quarter deficit with the West brings the USSR's total deficit with the developed capitalist countries to Roubles2,522m. for the first nine months of 1976, compared to a deficit of Roubles2,371.8m. (£1,921m.) for the first nine months of 1975, but 52 per cent. of the 1976 deficit was accumulated during the year's first quarter, 37 per cent. during the second quarter and only 11 per cent. during the third quarter.

If the deceleration in the rate of increase of this year's Soviet trade deficit with the West continues into the fourth quarter, the deficit with the developed capitalist countries for the whole of 1976 should be lower than the Rouble3.6m. deficit with the West incurred during 1975.

The slowing in the increase of the Soviet deficit in trade with West, plus sharply increased surpluses in trade with other socialist countries and the Third World, were reflected in an absolute decrease in the Soviet Union's overall trade deficit, which stood at 1,543m. roubles (£1,250m.) for the first nine months of 1976, a reduction of 25 per cent. from the overall deficit of 2,064m. roubles (£1,672m.) built up during the first nine months of 1975.

The USSR had a trade surplus of 521m. roubles (£422m.) with the socialist countries during the first nine months of 1976, compared with a surplus of 287.9m. roubles (£233.2m.) for the comparable period last year, and a surplus with Third World countries of 458m. roubles (£371m.) during the first nine months of 1976 compared with a surplus of only 19.1m. roubles (£15.5m.) during the comparable period of 1975.

The brighter Soviet trade outlook reflected in these latest figures is being attributed to the USSR's ability to put a tight hold on imports of manufactured goods, while expanding their exports of raw materials, particularly fuels.

A large portion of this year's deficit with the west was unavoidable—40 per cent. of this year's trade deficit is the cost of imported U.S. wheat, and the Soviet Union has also had to import large quantities of wheat from Canada and Australia because of the disastrous 1975 grain harvest. With this year's good harvest, however, wheat imports are expected to decline, while the prospects for increased exports of raw materials should continue to improve.

Khedaffi's Moscow talks

BY OUR OWN CORRESPONDENT MOSCOW, Dec. 7.

THE LIBYAN leader, Colonel Khedaffi, began his second day of talks with top Kremlin leaders to-day amid signs that he still has no intention of relaxing his objections to any Middle East peace formula which implies recognition of Israel.

The importance that the Soviets attach to the meeting with Colonel Khedaffi, which could be a prelude to a Soviet Middle East peace initiative following the inauguration of President Carter next year, is indicated by the fact that the talks are being attended by all three top Soviet leaders, the party leader Mr. Brezhnev, Prime Minister Alexei Kosygin and President Nikolai Podgorny, as well as by Soviet Foreign Minister Andrei Gromyko.

In addition to the general Middle East situation Colonel Khedaffi is believed to be discussing the purchase of Soviet arms and Libya's relations with Egypt.

Kadar defends Western parties

BY PAUL LENDVAI VIENNA, Dec. 7.

MR. JANOS KADAR, the Hungarian leader, to-day defended indirectly the Western Communist parties against accusations of anti-Sovietism and therefore contradicted Mr. Todor Zhivkov, the Bulgarian President, who in a recent article stated that "Euro-Communism was a new form of anti-Sovietism."

At a news conference here, his first-ever for the Western Press, Mr. Kadar was asked whether he agreed with this view. He answered curtly: "I do not share this opinion." However, he did not elaborate.

It must be added that the questioner referred to an opinion expressed by a Czechoslovak paper but omitted that he was considering Mr. Zhivkov's article in the December issue of the international Communist monthly, Problems of Peace and Socialism, which is printed in Prague but published under the auspices of an editorial board composed of the representatives of 51 Communist parties.

Mr. Kardar, speaking freely and visibl yat ease even when dealing with ticklish questions, said that Communists and Socalists in pow could and should co-operate in the interest of security and peace in Eureop, regardless of their idealogical differences.

He said that even though his host, Austrian Chancellor Bruno Kreisky, was a Social Democrat and a "man of strong convictions" and that he himself was a Communist, their talks in Vienna had been most useful. Relations between Socialists and Communists were not "simple," he said, but added that the Hungarian Communist Party also had contacts with Socialists parties not in government, such as the Socialist parties in Italy, France, Finland and Belgium.

With regard to Soviet troops stationed in Hungary, Mr. Kardar said the matter was connected with the East-West military strategic balance. Soviet forces "temporarily stationed" in Hungary were not there for domestic political reasons nor because of fear of an attack by Hungary's neighbours, he stressed, referring to the latest disarmament proposals put forward by the Warsaw Pact.

Mr. Kadar confirmed that he was planning to visit West Germany as part of political normalisation of relations between the two countries. Stressing Hungary's lack of power and fuel resources and the fact that foreign trade accounted for 45 per cent. of the Hungarian GNP.

Tito warns of Yugoslav toughness

BELGRADE, Dec. 7.

PRESIDENT TITO to-day warned any potential aggressors that Yugoslavia was a tough nut to crack, and that an attack on it would be unprofitable. The blunt statement came during talks between the Yugoslav leader and visiting French President Valery Giscard d'Estaing, according to a Yugoslav spokesman.

The right of Yugoslavia to maintain its own non-aligned and unorthodox policies has been the recurring theme of M. Giscard's two-day official visit.

Reuter

Gaullists protest at printers' expulsion

By Robert Mauthner

PARIS, Dec. 7.

FRANCE WAS without newspapers to-day for the third time in five days as the result of a printers' srtike in protest against the expulsion by police last Sunday of workers who had been staging a "sit in" at the Parisien Libere paper for the past 20 months.

The police action has provoked strong protests from the Gaullist Party, reports of whose important rally at the week-end failed to appear in the Press because of the strike, as well as from journalists and the major Left-wing trade unions. A mass protest march through the centre of Paris yesterday was led by all the Left-wing union leaders, who threatened further industrial action if the dispute was not settled to their satisfaction.

Prime Minister Raymond Barre went on TV last night to deny widespread charges that the Government had deliberately carried out the eviction on the very day that former Premier M. Jacques Chirac was elected as President of a revamped Gaullist Party because it knew that the printers would immediately down tools.

Talks sponsored by the Government to settle the dispute began yesterday when the Labour Minister, M. Christian Beullac, saw the owner of the Parisien Libre, M. Emilien Amaury, for 90 minutes. To-day it was the turn of the union representatives to put their case to the Minister.

Dutch, Swiss in talks on war crimes suspect

By Michael Van Os

AMSTERDAM, Dec. 7.

DUTCH JUSTICE Minister Mr. Andries van Agt flew to Switzerland this afternoon to discuss with the Swiss authorities the case of Mr. Pieter Menten, the 77-year-old Dutch millionaire who left Holland last month, a day before he was due to be arrested on suspicion of having committed war crimes and collaborating with the Nazis. Mr. Menten and his wife were staying in a Swiss motel when they were arrested last night.

Mr. Menten's disappearance on November 14 caused a major political storm in Holland after it became known that five days had lapsed between the decision, and the attempt, to arrest him. There were hints that more than procedural hitches might have been involved. Mr. Menten was reported still to have some powerful friends in Dutch political circles and it was suggested that he might have received prior warning.

A number of official investigations into the question of Mr. Menten's departure from Holland are due to be completed shortly.

Official figures spell out low Spanish economic growth

BY ROGER MATTHEWS MADRID, Dec. 7.

THE GROWTH in Spain's Gross National Product this year will be less than 2 per cent. in real terms, according to estimates just released by the Institute of Statistics. The latest Ministry of Industry survey of business opinion reports, meanwhile, a further decline in industrial activity during October and a rise in stock levels due to a weakening of demand.

These two assessments serve to confirm the impression that, apart from one or two sectors, the small indications of economic recovery witnessed earlier in the year have not been maintained. The Ministry of Industry's monthly review is particularly depressing and says that production figures in October fell back to the February level, a month badly affected by strikes.

The seriousness of the economic situation has led several party political leaders to urge bringing forward next summer's promised General Elections. They are now suggesting the elections should be held before the end of March so that a new government with a popular mandate can introduce measures that the present Cabinet is not willing to contemplate.

The banking sector is the latest to be threatened by strikes, with two-hour stoppages due to begin on Thursday and the possibility of a total walk-out after December 12.

Tindemans disappointed at EEC

BY ROBIN REEVES BRUSSELS, Dec. 7.

A HARD-HITTING attack on the failure of EEC Governments to implement the recommendations of his European union report has been launched by Mr. Leo Tindemans, the Belgian Prime Minister.

In a speech for delivery to the Foreign Affairs Club of London to-night — read in Mr. Tindemans's absence because of domestic political developments by Vicomte Etienne Davignon, shortly to become Belgian member of the Brussels Commission — the Belgian Prime Minister said that, when writing his report, he tried to keep as close as possible to political reality, "to suggest only measures that seemed feasible, to refrain from dreaming, to stick to what was practical and concrete."

His recommendations aimed at the development of a common EE external policy, closer economic and monetary integration, and more resourceful regional and social policies, a Europe of the citizen, and more authoritative and efficient EEC institutions. But the conclusions of the Foreign Ministers' study of the concrete suggestions in his report have been "more than disappointing. Several proposals were discarded because there was no agreement, others were described as premature. Among those which were considered positively, many have been so edged about with provisos and qualification they have lost much of the their value," he declared.

Mr. Tindemans said that the idea of "innovation a new start, the qualitative leap forward, which can be found explicitly or implicitly in every page of my report," had almost disappeared from the final document submitted last week to the Hague council of Common Market leaders.

But the Belgian leader rejected the suggestion that the Hague summit had buried his report. "In fact, the programme is accepted, but its implementation will have to wait for better days," he said.

Belgian political crisis

By David Buchan BRUSSELS, Dec. 7.

RAPIDLY INCREASING strains inside his coalition has led Mr. Leo Tindemans to cancel his trip to London to-night to deliver a speech to the Foreign Affairs Club. The Belgian Prime Minister is now faced with having to completely rethink a Ministerial reshuffle he had been planning or face defeat in a crucial Budget debate on Thursday.

The trouble has come from a not unexpected quarter—the Rassemblement Wallon, which since it lost three Ministers who deserted it two weeks ago to form a new party in the coalition, has been demanding that its underrepresentation in the Government be redressed. Mr. Tindemans secretly agreed last week to a reshuffle, provided his hands were left free on the exact means. But following its week-end congress, the RW has demanded that Prof. Francois Perin—one of the RW's founders and now one of its chief "deserters" be dismissed and replaced by one of its men. The RW has also demanded that the Government give a much stronger push to the "Community dialogue"—the talks that opened last week to consider reform of the country's French-Flemish structures. So far Mr. Tindemans has painstakingly tried to stay aloof from the talks.

The RW, which with 10 deputies left in the Lower House still has enough power to bring down the Government, has set Thursday's budget vote as the deadline for the Prime Minister to accede to their demands. Mr. Tindemans has other pressing business too. He is due to announce in Parliament to-morrow how he intends to replace the existing incomes policy legislation which expires on December 31.

Libyans want Fiat management role

By Tony Robinson

ROME, Dec. 7.

IN AN interview published in this week's L'Espresso magazine the two Libyans expected to represent the Libyan Arab Foreign Bank on the Fiat Board are reported as planning to play a role in the management of the company.

Mr. Rageb Missalati, Reputy Governor of the Libyan bank, is quoted as saying "we have no intention of limiting ourselves to merely cashing our dividends . . . we do not want to act as pure investors but we want to intervene in the management of the company."

This has been interpreted in the Press here as contradicting Fiat chairman Agnelli's insistence that the Libyan have taken a purely financial stake in the company. Fiat spokesman, however, deny there is a contradiction pointing out that the Libyans, in direct negotiations with Fiat, agreed to pay Lire 6,000 or over three times the then market price, for their new shares largely because this assured them two seats on the 15 man Board and one seat on the five man executive committee.

This gives them a minority voice on the Fiat board and therefore the right both to be informed and have their views heard about Fiat strategy at the highest level.

One of the other main doubts surrounding the Fiat-Libyan deal concerns the future of the Fiat controlled newspaper La Stampa whose editor Sig Arrigo Levi is a Jew. Three years ago Colonel Kedhafi threatened to put Fiat on the Arab boycott list if Sig Levi was not fired for having published a highly irreverent article about Khedaffi himself. Sig Agnelli refused to fire Sig Levi who remains at his post.

Polish cardinal talks on

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT WARSAW, Dec. 7.

WARSAW CATHEDRAL is to-day the closest thing in Poland to Hyde Park Corner on a Sunday, especially if veteran Cardinal Wyszynski is due to deliver a sermon, as he did last night with a stinging attack on the Polish Government.

There was standing room only in this ancient gothic building in the heart of the old town which has become the bastion of the Polish Catholic Church's struggle for survival in Communist Poland. Men and women of all ages crammed the aisle; the seats were mostly occupied by nuns and old women wrapped in thick peasant shawls.

Up in the sanctuary a throng of richly robed bishops and priests conducted the evening Eucharist flanked by a choir of monks; on a high gothic throne beside the altar sat the small but unmistakeable figure of the Cardinal in his scarlet robes and cap.

The sermon came early in the service. The Cardinal moved slowly down to the heavy wooden pulpit which stands halfway along the knave. He climbed the steps, gave a blessing, and turned his sharp, bespectacled features on the crowd below.

His sermon lasted no less than 50 minutes. But this is average for the performance Wyszynski has been giving weekly since Poland plunged into its crisis last summer. The Cardinal has a fine voice which echoes round the cathedral, boosted by amplification and punctuated with simple but firm gestures of the arms in their lace encrusted sleeves.

He began calmly on the theme of St. Francis. But gradually he worked up to a booming climax and he applied his text to the present-day situation in Poland.

There was a need for more love and less materialism he declared. And in his sharpest attack to date on the authorities handling of last June's food price riots, he condemned police brutality and revealed that he had received dozens of letters from workers who claimed to have been victimised for their protest action.

Cardinal Wyszynski also referred to the gauntlet which police forced demonstrators to run at police stations.

The congregation sat in tense silence. The only interruption came from an elderly monk who pushed through the crowds with a large flash camera, recording the event for the church.

Gradually the Cardinal's passion subsided and he brought his sermon to a close with more readings from St. Francis. As he returned to his throne he stopped to talk with members of the congregation who pushed round him for his blessing.

But the service was only half over. For an hour more there were prayers, another sermon and even pop songs from four guitar strumming monks. Plainly though the high point was over, and handfuls of people drifted out into the cold night before communion was given.

When it was all over, the priests and bishops went out first, followed by Wyszynski who symbolically was the last man to leave the alter.

Cardinal Wyszynski was recently reconfirmed in his post by the Pope. But he is now 75 and without an obvious successor in his energetic and dogged struggle for the country's religious rights. A striking point about last night was the youth of the clergy; most priests and monks seemed to be under 40. Even so, the Cardinal's age places a question mark over the future of the church which people here consider it either too tasteless or dangerous to discuss.

Cardinal Wyszynski

Italian tempers flare over pact with Yugoslavia

By Paul Betts

ROME, Dec. 7.

DESPITE THE bland acquiescence of the leading political parties here the debate on the ratification of the Treaty of Osimo, bringing to an end nearly 30 years of friction between Italy and Yugoslavia, has backfired into a heated political controversy.

Last night, during the opening session of the debate in the Italian Chamber of Deputies, the Radical Party and extreme Right-wing members of the neo-Fascist MSI opposed both the political and economic parts of the Treaty signed between the two countries in November, 1875.

The Treaty provides for the *de jure* recognition of Italian sovereignty over Trieste and the surrounding 212 sq. km. defined as Zone A, and Yugoslav sovereignty over the 483 sq. km. Zone B (including the town of Capodistria) which has been effectively under Yugoslav administration since 1947.

MSI members claim that the people of Trieste have not been properly consulted or informed of the full consequences of the border settlement.

هكذا من الأصل

AMERICAN NEWS

Court move causes fears on bussing

By David Bell

WASHINGTON, Dec. 7.

A NEW decision by the U.S. Supreme Court on the controversial question of school bussing has renewed fears among some civil rights leaders that the nation's highest court may be softening its insistence on the need to integrate the country's public schools.

In a complicated but very important case, the court asked a lower Texas court to reconsider an order for large scale bussing to achieve racial balance in the Austin, Texas school system. This court had ruled that there was extensive discrimination against black and Mexican American school children, but the Justice Department filed a suit pointing out the danger that the Austin system might be used as a precedent in other cases.

In response to this, the court said the real issue was not whether there were schools at which an overwhelming majority of pupils were black or Spanish-speaking but whether the creation of effectively integrated schools was the deliberate intention of the Austin authorities.

At stake in this case and in others is the question of whether the court should take compulsory integration a stage further and order it in cases where schools may be heavily black because they reflect the area in which they are situated. The court appears to be arguing that in cases like this, htere is no intention to discriminate and, therefore, there should be no bussing.

House election improves Carter-Congress relations

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Dec. 7.

MR. JIMMY CARTER'S chances of an harmonious relationship with Congress were considerably enhanced late yesterday when Congressman Jim Wright from Texas emerged as the surprising winner of the contest to become House Majority Leader.

Mr. Wright, a moderate Democrat whose political philosophy is in line with Mr. Carter's, will now team up with Congressman "Tip" O'Neill, elected, unopposed, as the new Speaker of the House in succession to Mr. Carl Albert (who is retiring) to form the new Democratic leadership in the House.

In the election by House Democrats, Mr. Wright squeaked through by one vote over Congressman Philip Burton from California after three ballots between the four original contenders. Mr. Burton had led in the first two rounds, which eliminated Congressmen McFall of California and Bolling of Missouri, but Mr. Wright edged past him in the final run off by 148 votes to 147.

Mr. Burton is an aggressive liberal who, it was thought, would push hard for social programmes on which Mr. Carter and Mr. O'Neill might prefer a cautious approach. There is also public dissension between Mr. Burton and Mr. O'Neill which might, in the opinion of some observers, have prompted the ambitious Mr. Burton to go his own way.

Mr. Wright, on the other hand, likes to see himself as a bridge builder between liberals and conservatives and north and south. In his 22 years on Capitol Hill, he has risen unobtrusively in the hierarchy and would almost certainly have become chairman of the influential Public Works Committee next year had he not bid for the Majority Leadership.

interviewed this morning, Mr. Wright acknowledged that one of the thorniest current Congressional problems concerned the ethical standards adhered to by the Representatives, now under fire in the light of the South Korean bribery allegations.

He said that he thought the current code of ethics needed updating. However, in the recent past, he has not shown a great willingness to censure those Democrats identified with malpractice of one form or another. Asked at the week-end, for example, if he would support a move to depose Mr. Robert Sikes, upbraided by the House for conflict of interest earlier in the year, from his sub-committee chairmanship, he refused to commit himself.

Democrats in the Senate are due to choose their new leader early next month. The leaders in the contest to succeed Mr. Mike Mansfield are Senator Robert Byrd of West Virginia, currently the party whip, Senator Hubert Humphrey who appears to be making a remarkable recovery from recent cancer surgery, and Senator Ernest "Fritz" Hollings from South Carolina.

The Republican leadership in the House, due to be decided on Thursday, seems likely to remain in the hands of Mr. John Rhodes from Arizona. The Senate race, however, has been much muddied by the unexpected entry of Senator Barry Goldwater.

X-ray foils bomb attempt

WASHINGTON, Dec. 7.

A WASHINGTON police bomb squad removed the package containing a bomb from President-elect Jimmy Carter's transition headquarters and successfully defused the bomb outside.

The bomb was contained in a package found in the mailroom of the fifth-floor offices in the Department of Health, Education and Welfare building being used by the Carter transition team.

More than 200 people were evacuated from the offices and herded into an area on the first floor while the bomb squad removed the device.

Staff members said the bomb was discovered when the X-ray device which routinely checks incoming packages detected what looked like a battery and wires.
AP-DJ

Survey points to need for stimulus

By Our Own Correspondent

WASHINGTON, Dec. 7

THE LATEST Government survey of corporate capital spending intentions in the first half of next year, which suggested that companies intend to reduce sharply the rate of growth of capital spending may finally convince Mr. Carter of the need for a new economic stimulus as soon as he takes office.

Mr. Bert Lance, a close adviser of Mr. Carter's and his new Budget Director, told a television interviewer this morning that the country was dangerously close to being back in a "recession"—an assessment that some indpendent economists would probably regard as a little too gloomy.

At the same time Mr. Lance retreated a little from his earlier statement that a tax cut was a near certainty, saying instead that while this remained the leading option it was only one of several being studied by Mr. Carter. The President-elect has already made it clear that he is waiting for further economic signs before finally making up his mind on the measures needed.

There are some indications that his advisers, worried by the very low spending intentions of most sectors of industry, are now considering a temporary increase in the investment tax credit from its present level of 10 per cent.

Insurance industry fears effects of New Jersey ruling

BY STEWART FLEMING

NEW YORK, Dec. 7.

IN A DECISION which the insurance industry fears could make it more difficult nationally to raise premium rates, Mr James J. Sheeran, the New Jersey Insurance Commissioner, has refused to allow insurance companies in the State to increase rates on applications pending since July.

He has told the companies that they may have to wait up to six months more for any rate increases. For example, the applications would have raised premiums by between 9.5 and 35.5 per cent. for about three-quarters of the State's motorists.

One industry observer commented that the New Jersey actions was the first he could remember in the past year where an insurance commissioner had flatly turned down rate increase applications.

He said that during the past 18 months the cost of motor insurance for a middle-aged male with a good driving record had probably risen about 55 per cent. in New York. Fully comprehensive insurance for such a driver probably costs in the region of $400 to $500 a year.

There have already been some indications that officials at federal and State levels have been adopting a more questioning approach to rate increases in the industry after a period when rates were being allowed to rise quickly. (In the U.S., insurance premium rates are regulated by State insurance commissioners on personal lines such as car insurance.)

In September, Mr. Robert Hunter, the acting federal insurance administrator, claimed that the industry was making a rapid recovery from its earlier losses, which had brought a major insurance concern, the Government Employees Insurance Company (Geico), to the brink of failure.

He suggested that premiums were unnecessarily inflated and that the industry was heading for record profits. He asserted that the industry had overreacted to the Geico situation, inflation and investment losses.

One industry specialist said yesterday that the tough line adopted in New Jersey was likely to have some impact on the positions adopted by other State commissioners.

The industry has claimed that in New Jersey it is continuing to lose money on liability insurance and motor insurance, and it seemed likely that it will take a public stance criticising the decision.

New Jersey is said to have been a difficult State for the industry to operate in for some time, and earlier this year Geico stopped writing business there.

Yesterday, the New Jersey Commissioner rejected suggestions that his decision might lead other companies to stop writing motor insurance in the State.

Alaska pipeline finally in place

ANCHORAGE, Dec. 7.

THE ENTIRE 800-mile trans-Alaska oil pipeline is finally in place.

The last section of 48-inch pipe was laid Sunday in rugged Thompson Pass 20 miles north-east of the terminal at the ice-free port of Valdez, the Alyeska Pipeline Service Company reported.

The first section was installed some 20 months ago at the Tonsina River about 55 miles north of where the final link was set in the $7.7bn. project.

Pumping

A spokesman for the Alyeska Pipeline Company said the pipeline from the oil-rich North Slope area above the Arctic Circle is scheduled to come on stream in mid-1977.

The line is expected to begin pumping at 600,000 barrels per day, reaching the initial capacity of 1.2m. barrels within a few months.

Even though all sections of the pipe are in place, they are not yet all connected by welds. About 160 miles of the line—most of it in the far northern section—must be water-tested next Spring before the welding can be completed.
UPI

Currency support erodes Canada's $U.S. holdings

BY VICTOR MACKIE

OTTAWA, Dec. 7.

THE CANADIAN Government spent $802.9m. of its U.S. dollar holdings to support the Canadian dollar last month, Finance Department Figures show. Canadian Central Bank intervention eroded official monetary reserves to $2.71bn., their lowest level for many years. By selling its U.S. dollar holdings, the Bank of Canada mopped up the excessive supply of Canadian currency unloaded on to exchange markets following the Parti Quebecois election victory.

The Canadian dollar fell almost 6 per cent. in terms of the U.S. dollar sliding from a premium of 3 cents to a discount of more than 3 cents.

M. Claude Morin, Quebec's Intergovernmental Affairs Minister, and M. Jacques Parizeau, the Quebec Finance Minister, made it clear yesterday that the province's new Government will continue to bargain for Federal finance as a province within the federation, despite the long-range possibility of secession.

At remarks prepared for delivery during two days of closed-door discussions between the Federal Finance Minister and his ten provincial counterparts, however, M. Parizeau lashed out at "Federal parsimony" in allowances to the provinces.

Earlier the Federal Finance Minister, Mr. Don Macdonald, rejected Quebec's demand that Ottawa share costs of the Quebec provincial police force, and that it guarantee the Olympic lottery.

● Canada's unemployment rate in November, adjusted for seasonal changes, dropped to 7.3 per cent. from October's 7.6 per cent., compared with 7 per cent. in November 1975, AP-DJ adds.

But Statistics Canada reported that the number unemployed during November rose to 708,000 from 679,000 in the previous month. In November, 1975, 686,000 were unemployed.

October's rate, the highest in 14 years, had prompted pressure on the Federal Government to promote job creation.

Of Canada's 10 provinces, seven posted declines in their unemployment rates between October and November, two registered increases and one, British Columbia, showed no change.

Quebec's unemployment rate remained well above the national average at 9.8 per cent. in November but was down from 10.1 per cent. in October.

● General Motors of Canada and the United Auto Workers reached tentative agreement today on a contract after a six-hour strike stopped 28,000 workers at 11 plants, UPI reports from Toronto.

A GM spokesman said details of the settlement, reached after all-night bargaining were not immediately available.

Waldheim reappointed as UN Secretary-General

Austrian diplomat Kurt Waldheim, 57, yesterday won a second five-year term as Secretary-General of the United Nations despite initial Chinese opposition, Reuter reports from New York.

China, which wanted a candidate from the Third World, tried to stop his re-election by casting a veto at a closed-door meeting of the UN Security Council when it met to decide on the appointment. But only four of the 15 nations on the Security Council, including China, voted for the other official candidate—former Mexican President Luis Echeverria. The result was that, in the second ballot, China withdrew its veto.

Mr. Waldheim, reserved and discreet, then won his second term in the world's top diplomatic job. He received 14 votes, and there was one abstention.

Peru devalues again

THE Peruvian currency was devalued yesterday for the second time this month and was fixed at 68.32 sole for one U.S. dollar, compared with 60.00 previously, AP-DJ reports from Lima. This is the 17th mini-devaluation this year.

Argentina accused

Argentina is in a state of civil war and violence and torture are widespread. This was stated yesterday by Father Patrick Rice, an Irish missionary expelled from the country on Friday. Speaking at a Press conference in London, Father Rice told how he had been seized by unidentified gunmen in Buenos Aires, tortured by men claiming to be members of the Argentine Anti - Communist Alliance and kept in police custody in Buenos Aires and La Plata. Before being deported he was cleared of having committed any offence.

U.S. 'smart bombs'

THE U.S. Air Force has developed the so-called "smart bombs" of the Vietnam era into a longer-range weapon that could be used with a nuclear warhead by strategic bombers or tactical fighters, according to Defence officials, UPI reports from Washington. Four of the weapons, known as modular glide bombs and armed with conventional high explosive warheads, got their first test deployment in South Korea last summer, according to reports. They were aboard F4 Phantom jet fighters that were among the U.S. air reinforcements ordered into that country following the killing of two American officers by North Korean troops in the demilitarised zone.

Gift to Jamaica

The Jamaican Government yesterday received a $J3m. school which has been donated by the Cuban Government, but which has been the cause of criticism from Government opponents, writes Canute James in Kingston. The school, with a capacity for 500 students, is located just west of Kingston, and was built by Cuban and Jamaican workers, with equipment and materials brought from Cuba. Opponents of the Government of Prime Minister Michael Manley have cited the school as another example of what they say is a growing Communist tendency on the Government's part. At the handing over ceremony yesterday, Mr. Manley said that although Jamaic had links with many countries, none of these had as much integrity as relations with neighbouring Cuba. The relations between Cuba and Jamaica, Mr. Manley said, were based on respect for sovereignty, and on the principle of non-interference.

Uruguay laws eased

The Uruguayan Government has moved to relax its harsh anti-subversion laws, saying that the unrest that led to their imposition has been brought under control, UPI reports from Montevideo. The Council of State, made up of military-appointed members, has begun considering changes that will reduce the sentences of prisoners being held for belonging to or aiding subversive organisations.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription [illegible] per annum. Second class postage paid at New York, N.Y.

OVERSEAS NEWS

Seoul plans 9% annual growth

By Our Own Correspondent

SEOUL, Dec. 7.

THE South Korean government announced to-day that the country's fourth five-year economic plan will begin next month calling for an average annual GNP growth of 9.2 per cent. and commodity exports of $20.2bn. in 1981.

Economic Planning Minister Nam Duck-woo told a news conference that by 1981 South Korea should achieve a trade surplus of $1.4bn. a year and that per capita GNP will rise to $1,512 from this year's estimated $672.

About $10bn. in foreign loans and investments are required to finance the new plan, in addition to domestic funds. Mr. Nam said much of the foreign capital had been assured. He said emphasis will be laid on development of heavy and chemical industries including steel, shipbuilding, machinery, petrochemicals and electronics.

Papua may cut free from Australian $

By Our Own Correspondent

PORT MORESBY, Dec. 7.

THE PAPUA New Guinea government may alter the relationship of the Kina to the Australian dollar if the dollar continues to fluctuate.

This was implied in a statement to Parliament by Finance Minister Julius Chan, in which he announced that the exchange rate of the Kina would remain unchanged at K1=$A1.1812 following the Australian revaluation.

Mr. Chan stressed that PNG wants as much stability as possible in its external exchange rate. The kina was pegged to the Australian dollar at present for reasons of convenience and because of the close economic links between the two countries.

However, he continued: "Now that Australia has moved to a new system of determining its own exchange rate, we in this country have to be sure that we are maintaining our aim of stability no matter what happens to the currency of our neighbour."

If the relationship between the two currencies is to be altered the PNG government has two obvious alternatives: either it can peg the kina against a trade weighted basket of major foreign currencies, or it can remain pegged to the Australian dollar but introduce an automatic adjustment mechanism computed on a trade weighted basis whereby the kina will move with the Australian dollar but not by the full amount.

Palestinians die as rival factions clash in Tripoli

BEIRUT, Dec. 7.

CLASHES between rival Palestinian groups near Tripoli have left nearly three dozen dead in the worst outbreak of violence since Arab peace-keeping forces entered Lebanon's major cities less than a month ago, guerilla spokesmen said on Tuesday.

At least 35 persons were killed and an unknown number wounded in fighting that broke out on Monday night at the Nahr el-Bared refugee camp near the northern city of Tripoli, a spokesman of r the Palestine Liberation Organisation said in Beirut. The dispute underlined the ill-feeling between the Syrian-sponsored Saiqa group and other Palestinian factions.

The disagreement flared after a quarrel between a member of Saiqa and a member of the Al Fatah, the mainstream group of the PLO, in which the Fatah man was killed. His family and friends are reported to have attacked the Saiqa headquarters in the camp, killing 25 of its members, according to the PLO spokesman.

A Saiqa spokesman said the incident was "not very important" and that the Syrian-dominated peacekeeping force did not intervene. The PLO news agency Wafa condemned "the irresponsible use of weapons."

"It is a sign of the danger presented by those who conspire against the Palestinian revolution and who now are trying to instigate Palestinian-Palestinian fighting in the camps so as to weaken the political and military stance of the Palestine revolution," it added.

● CAIRO: War Minister Gen. Mohammed Gamassy said in a newspaper interview published Tuesday that Egypt would go to war against Israel "immediately" if the Jewish State attacked Syria.

The Saudi Arabian news agency, reporting highlights of the interview which appeared in the Saudi newspaper, Al Madina, said "The Egyptian war minister affirmed that Egypt would go to war immediately against the Jewish entity (Israel) if it attacked Syria. Egypt is determined to liberate the (occupied) land by force of arms if political and diplomatic efforts to regain it prove to be futile."

Gamassy said it would be possible for the Arabs to acquire atomic weapons if Israel introduced them into the Middle East.

Gamassy on Tuesday presided over a ministerial meeting of the Arab Military Industrialisation Authority which groups Saudi Arabia, the United Arab Emirates and Qatar along with Egypt.

UPI

WEST BANK RIOTS

ISRAELI soldiers fired into the air and heaved tear gas cannisters at rock-throwing, masked Arab youths in Nablus yesterday to break up a demonstration against occupation policies on the West Bank of Jordan, UPI reports from Tel Aviv.

Businessmen in Nablus and Hebron, the two largest towns on the West Bank, closed their shops to protest at a new sales tax.

Other towns were quiet but Arab sources said the business strike would go on until authorities rescind the 8 per cent. value added tax, which went into effect in Israel in July.

Beirut revival talks to start

BY IHSAN HIJAZI

BEIRUT, Dec. 7.

LEBANESE BUSINESSMEN are planning to hold their first meetings this week to consider moves for the revitalisation of the economy after the devastation of 19 months of civil war.

The Bankers Association is scheduled to meet to-morrow, and the merchants association has called a meeting for Thursday.

President Elias Sarkis, who was the governor of the Central Bank before his election to the top executive post in the country, is attaching special significance to reviving the economy. This was indicated in the men he has chosen to help him in the Government.

His financial adviser, Dr. Selim al Hoss, the president of the Bank for Industrial and Tourist Development, is tipped to head the new cabinet, which is expected to be announced this week. President Sarkis to-day held consultations with some of the country's top leaders on the matter. Also tipped to join the cabinet are Mr. Joseph Geagea, the president of the Bankers Association, and Mr. Adnan al Kassar, the president of the Beirut Chamber of Commerce.

The first U.S. bank to reopen for business was the First National Bank of Chicago, which received customers at its branch in the Hamra area of Beirut yesterday. Two other foreign banks, the U.S. First National City Bank of New York and the British Charter Bank, plan to reopen here soon.

Practically all foreign banks had suspended operations here during the late months of the crisis.

Special efforts were being made to clear the banking street in down Beirut from the rubble that had piled up during the fighting. Some banks hope to resume operations at their head offices there by the middle of this month, but sources of the bankers association do not expect full banking activity to be resumed before one month.

No accurate estimate has yet been made of the total losses of the Lebanese economy, but unofficial economic sources put these losses at about $3bn.

On the agenda of the meeting of the Bankers Association tomorrow is a host of subjects covering the future policy of the Central Bank and how ready it will be to provide the private banks, which numbered 72 before the crisis began, with liquidity to help in giving the economy the necessary financial transfusion.

The Merchants Association is expected to concern itself with the problem of the devastated business centre of Beirut, financial help to damaged commercial institutions as well as the relationship with the private banks.

Singapore poll

Singapore Prime Minister Lee Kuan Yew's ruling Peoples Action Party (PAP) is expected to retain power with an overwhelming majority in a general election on December 23, Reuter reports. The PAP holds all 65 seats in the present Parliament and is confident of repeating this success in the new, enlarged 69-seat Parliament.

Australian fires

The rash of bushfires caused by oven-like weather conditions in Australia's New South Wales State yesterday spread into the adjacent South Australia State and forced the evacuation of 600 children from a national park, UPI reports from Sydney.

Dynamite explodes in white restaurant

JOHANNESBURG, Dec. 7.

A STICK of dynamite carried by a black man exploded in a restaurant packed with whites in a shopping centre in central Johannesburg to-day, police said.

The man was seriously injured and is under police guard in hospital. A black waiter was slightly hurt but no diners were hurt. Two women were treated for shock.

The restaurant is in the Carlton Centre, a 50-storey block of shops and offices. Police said the black man with the dynamite walked into a crowded German-style beer garden at the restaurant. The dynamite exploded in his hands as he placed it on a table.

There were about 30 people in the beer garden at the time. Women customers fled screaming after the explosion.

"The bank was incredible. It reverberated around the whole centre and the floor seemed to shake," said one office girl out shopping in her lunch hour.

Reuter

Uneasy calm in township

By John Stewart

CAPE TOWN, Dec. 7.

RELATIVE calm returned to Cape Town's troubled Nyanga African township to-day after three days of violence and arson, but the Divisional Commissioner of South African Police in the Western Cape, Brigadier Theo Bisschoff, said police patrols in the area will not relax vigilance.

Township sources confirmed that the unrest which started last when bands of young Africans, most of them schoolchildren, attacked the homes of alleged police informers, burnt their belongings and gutted their houses.

Violence took a turn for the worse when the children attacked the home of a man they alleged was conducting an illicit liquor business with contract workers housed in single quarters next door. The contract workers, who belong to a Xhosa sub-tribal grouping known as the Bacas, saw the attacks as tribal action and retaliated. The alleged liquor supplier is also a Baca.

The clashes intensified yesterday morning with attempts to enforce a two-day stay-away from work.

Last night the Transkei Consul in Cape Town, Mr. Mandlenkosi Dumalisile, addressed two meetings in Nyanga, attended by more than 4,000 people to whom he appealed to end violence.

At the same time he launched an appeal for assistance for about 140 people left homeless after the unrest.

Fears for life of fourth missionary

Missionary officials said to-day they fear for the life of a Swiss Catholic priest missing for four days—during which three white missionaries have been shot dead by a black guerilla, Reuter reports from Salisbury. A spokesman at the Bondolfi Mission said it was feared that Father George Dreger, 45, who disappeared while working in the Chiredzi area 200 miles south of Salisbury, may have been killed or abducted by guerillas.

S. Africa grenade

Two South African policemen—one white and one black—were wounded when one of four Africans they had detained threw a hand grenade after being ordered into a police van, Reuter reports from Johannesburg. The white policeman was rushed to the intensive care unit of a nearby hospital.

Angolan pact

Cuba and Angola signed agreements to-day on the role of several thousand Cuban experts in the former Portuguese colony, the official paper Eveninger Juventud Rebelde (rebel youth) reported, writes Reuter from Havana. The paper gave no details of the documents but said they covered construction, transport, education, agriculture, coffee-growing, forestry and public health.

Japanese budget

MR. MASAYOSHI OHIRA the Japanese Finance Minister said he has instructed his ministry to start compiling a supplementary national Budget to cover additional public works expenditure, expenditure by some government organs and reliefs for natural disasters, Reuter reports from Tokyo. He did not indicate what the measures would cost but said Prime Minister Takeo Miki's cabinet will probably approve it soon.

Filipino rebels die

Security forces killed seven guerillas, including a woman, in clashes with the Communist New People's Army on the northern Philippines island of Luzon, Reuter reports from Manila.

The woman was killed last week in a clash in the mountain area of Ifugao; the other three died three days ago, in the Caluag area of Quezon Province, when security forces surprised them in their mountain hide-out.

Dacca arrests

Former Bangladesh President Khondkher Mushtaque Ahmed and 10 other politicians were arrested in Dacca for alleged activities prejudicial to the state, Reuter reports from New Delhi. Some of those detained will face charges of corruption, official sources in Dacca said.

In the second of two articles on selective repression in South Af

John Kane Berman looks at the crushing of the black labour movement

How they ar bleeding the black unions to death

SINCE the black township of Soweto first gave vent to its rage nearly six months ago on June 16, more than 160 black communities all over the country have revolted against apartheid in one way or another. The Government's principal response has been to prosecute or incarcerate without trial.

Surprisingly, although schoolchildren in Soweto and in Cape Town's black locations have successfully organised several two- or three-day stay-aways from work, the country's factories themselves have generally remained quiet. The one or two recent industrial disputes were not related to the Soweto upheavals.

So it is all the more astonishing—and ominous—that the Government should have started to suppress the black labour movement. In the past few weeks it has banned 27 trade unionists and members of university wages commissions, thus restricting them from holding office, being a member of periodically listed organisations, moving to another district, being quoted in the Press, and from many other activities.

The black unions' brave promises about soldiering on despite the Government's onslaught cannot conceal the effect of the bans, repeating the pattern of the destruction by Mr. John Vorster, then Minister of Justice, of the South African Liberal Party in the 1960s. One leader after another was removed by banning, mutilating the party so severely that legislation prohibiting multi-racial political parties passed in 1968 came as a merciful release. The party was able to dissolve itself with dignity on the principle that it refused to expel its black members.

In the last 20 years at least 1,200 banning orders have been issued . . . well over 100 people still languish under them. . . .

A series of bannings of student leaders over the years has also helped render the once-proud National Union of South African Students (Nusas), long a vigal opponent of apartheid, a pale shadow of its former self.

The banning orders served on the organisers in the black labour movement in Johannesburg, Cape Town, and Durban were unilaterally issued by Mr. James Kruger, the Minister of Justice and Police, under the Internal Security Act, formerly known as the Suppression of Communism Act. It empowers him to issue the orders without preferring charges in court and without giving reasons. The victims may not challenge his decisions in court.

In the past 20 years at least 1,200 banning orders have been issued. Some expired after two or five years, others were renewed on expiry. Well over 100 people, black and white, are still languishing under banning orders.

Most of the 27 people just banned, many of them in their twenties or early thirties, were officials in black trade unions or educational bodies providing training and advisory services to black unions, or members of student wages commissions. The commissions have concentrated on publishing news-sheets for black workers advising them of their rights, albeit limited, under South Africa's industrial legislation. Mr. Kruger has banned these news-sheets.

Although the non-white unions are not prohibited by law, they may not register with the Department of Labour and have no legal right to recognition by management. . . .

The commissions grew up on the English-language campuses about six years ago when students decided to use their skills in helping largely illiterate black workers improve their position. The black trade unions grew up mostly after the wave of wildcat strikes in Durban at the beginning of 1973.

The strikes brought to light the almost total absence of effective channels of communication between black factory workers and white management. The unions were intended to bridge this.

Although black trade unions are not prohibited by law, they may not be registered with the Department of Labour and they have no legal right to recognition by factory management. This is greatly resented by black workers, because white, coloured, and Indian workers have legally-sanctioned collective bargaining rights.

In order, as the Government said at the time, "to bleed the black unions to death," the Ministry of Labour introduced an in-factory committee system for black workers, but the committees have serious disadvantages from the black worker's point of view. Their members have to be employees in the particular factory, and are therefore unable to spend time studying industrial legislation, learning negotiating techniques, or familiarising themselves with economic data. Outspoken committee members have also often been sacked on one pretext or another by their employers.

Ironically, some of the people banned were trying to improve the Government's own committee system. Helped by a grant from the British Trade Union Congress and the International Confederation of Free Trade Unions, the Johannesburg-based Urban Training Project was organising week-end seminars to provide committee members with basic training in negotiating and conciliation skills. On the week-end before the project's three key officials were banned, it held a training seminar near Pretoria. No black workers were expected to turn up for the courses, 148 arrived from all over the Witwatersrand, indicating a real demand for the kind of training the project was providing.

What makes the banning of the Urban Training Project's officials all the more mystifying is their reputation as experienced, meticulously apolitical trade unionists who were highly respected in the more liberal and enlightened business circles of Johannesburg.

Observers here have reacted with considerable scepticism to Mr. Kruger's statement last Thursday that none of the 27 was banned for his trade union work. He made the announcement after discussing the bannings with the Trade Union Council of South Africa (Tucsa), and said he did not intend to act against "responsible black trade union leaders." Observers see Mr. Kruger's statement as an attempt to mollify the international trade union movement and to stave off a threat from the Brussels headquarters of the International Confederation of Free Trade Unions to organise a week-long blacklisting of South African aircraft, ships and goods from January 17.

There is no love lost between Tucsa and the black unions hit by the bannings. Tucsa is seriously worried about its growing isolation from the international labour movement. Its own credibility overseas rests on its claim to speak for workers of all races. Black workers were thrown out of Tucsa under pressure from the Government in 1968. Two years ago Tucsa re-admitted black unions but so far only a few of South Africa's two-dozen black unions have joined, most of the others saying that Tucsa is interested in black unions only as a passport to international acceptance. They say the few black unions within Tucsa are tightly controlled and manipulated by their white counterparts to prevent their becoming a threat to the registered trade unions, most of which still refuse to allow black workers to become artisans or perform semi-skilled jobs.

Some of the independent black unions hit by the bannings have claimed that white trad[e] and certain employers [wel]comed the bannings. ... nothing in South Afr... prevents black unions, ... cent. of employers ref... blank to recognise th... often call the police the... a black union tries to o... factory. At Pilkington's plate safety glass fa... Springs, near Johannesb... kers' spokesmen were interrogated by the factory. At Pilkington's police.

One of the unions h... by the bannings is the ... Allied Workers' Unio... lost its three top offi... which has been figh... recognition from Leyla... Africa, a subsidiary ... Leyland, for the past th...

The code of p... for U.K. firms in Africa is not wo... paper it is writt... say some. . . .

All its efforts have ... refusal.

Some of the black u... particularly bitter abo... companies in South Af... "code of practice" f... firms in South Africa, when Mr. Peter Shor... the Department of Tra... dustry, is "not worth ... it is written on," they ... code, which clearly sug... British firms here sho... nise black unions, is ... but a cosmetic operat... the British Labour G... has done absolutely ... make U.K. firms here ... workers a fair deal, th... "If the British had ... companies recognise u... not have been so eas... Government to ban o... sers," they say.

Observers here bel... the fact that only bla... outside Tucsa have bee... by the bannings sug... the Government will ... only black unions con... white "parent-unions ... Tucsa. This is a recip... tinuing confrontation ... factories, they add.

With the growth of ... consciousness moveme... past seven or eight ye... people are no longer ... operate under the c... whites. The demand ... recognition of indepenc... unionism is therefore ... grow, despite the obs... banning orders.

CONTRACTS AND TENDERS

APPOINTMENTS

Christmas Gifts

EDUCATIONAL

COMPANY NOTICES

PUBLIC NOTICES

WORLD TRADE NEWS

Japanese steel production to be reduced—Nippon

TOKYO, Dec. 7.

JAPANESE steel mills are planning a production cutback in the next quarter, January to March, 1977, to cope with a slump in both export and domestic demand, the Nippon Steel Corporation said to-day.

It expects Japanese crude steel output in the next quarter to be reduced by about 2m. tonnes from 28.5m. tonnes estimated for the current quarter. Kawasaki Steel and Nippon Kokan Kaisha have emphasised the need for such a cutback, it said.

Japanese steel production has increased since early this year, to 28.5m. tonnes in the third quarter from 28.1m. in the second and 25.7m. in the first.

Nippon Steel said the expansion was helped by unexpectedly brisk steel export sales and active domestic demand from the car and electrical appliance industries, with their own high export performance. Steel exports in the first half of the current fiscal year totalled 18.9m. tonnes, a half year record.

Nippon Steel said exports have now begun withering under the pressure of overseas criticism against increased exports of Japanese products, including steel, cars and electric appliances.

The slowdown in steel export sales reflected growing movements in the United States and Europe against higher Japanese steel exports, trade sources said. They said export shipments to the Communist bloc other than to China, were also falling.

Nippon Steel said a prolonged slump in shipbuilding, delayed Government public works investment and slow private sector capital expansion had caused the sluggish domestic demand.

Therefore, Japanese steel stocks had continued rising and at the end of November appeared to have topped the 8m. tonnes mark, against 7.7m. tonnes a month earlier, it said.

The reduced production plan may make it difficult for Japan to achieve steel production goals for the fiscal year ending on March 31 next year of 110m. tonnes, the company said.

Reuter

New ME service

A new roll-on roll-off service to the Middle East from the port of Immingham begins later this month. Tor Line has concluded an agreement with Maritime Transport Overseas, the West German shipping group, for the provision of terminal and stevedoring services at the port. The service operates from Gothenburg via Immingham and Bremen to Bandar Abbas, Iran.

Shared shipbuilding 'unacceptable'

BY DOUGLAS RAMSEY

TOKYO, Dec. 7.

JAPAN could not accept an EEC proposal to share out new shipbuilding orders equally between European and Japanese shipbuilders, according to a spokesman for the Ministry of Transport. The official was commenting on news reports from Paris that the European Commission has put forward such a proposal on the first day of talks inside an OECD working party on shipbuilding.

Tokyo has agreed to talk bilaterally with the EEC about shipbuilding but has not yet answered Brussels' invitation to meet before Christmas. In fact, the Transport Ministry and Japan's shipbuilders still take the view that few concessions are in order until the EEC lives up to multilateral undertakings inside the OECD to reduce shipbuilding capacity. Japan recently announced strict controls on the number of man-hours worked in the shipbuilding industry which would mean a phased reduction in man-hours capacity to 65 per cent. of the 1974 peak by the end of 1978. Japanese officials say that this one-third reduction will in fact mean a two-thirds cut in tonnage capacity because they will no longer be building large tankers after 1977.

Private shipbuilders have issued no statement about the reported EEC proposal, but they were expecting it. The EEC has made it clear to the Japanese Government that European shipbuilders will not curtail capacity unless they have some sort of guarantee that Japan will not take a disproportionate number of new shipbuilding orders.

Figures provided by the Japan Ship Exporters Association show that in the first three-quarters of 1976, Japan took 57.5 per cent. of new orders (748 vessels) while Europe took 20.5 per cent. (493 vessels). Although the Association admits that Japan took a bigger share than they had in 1975 (49.1 per cent.), the statistics also show that Europe's share of the market has remained stable as Europe secured 20.1 per cent. of new orders last year.

Japanese shipbuilders also say a market-sharing arrangement with Europe will be unworkable because it would not cover major new shipbuilders, notably in South Korea, Singapore and other Asian countries.

Six bids made for Venezuela Railway

BY JOSEPH MANN

CARACAS, Dec. 7.

Companies from six countries yesterday entered bids for the construction of a 700 km. railway line in the east of Venezuela which will be the first stage of the Government's plan to build over 1,500 kms. of line by the beginning of the next decade.

Companies from West Germany, Brazil, Canada, the United States and Italy and a Venezuelan-Spanish consortium presented the Government Railway Board with bids ranging from $959m. (Canada) to $2.58bn. (West Germany), according to local accounts.

It was also reported that Belgium, France and Japan did not present offers yesterday. A British consortium, Avrail, withdrew from the bidding competition in October, indicating that the contract requirements laid down by the Venezuelan government were not satisfactory.

The line now being bid for will run from Ciudad Guayana, in the country's southeast industrial region, to the Tuy Valley southeast of the Venezuelan capital. Bidders must also provide training programmes so that Venezuelans will be able to run and maintain the new line once it is completed.

A decision on the bids should be made early next year. The Government had estimated total expenditures for the stretch from Ciudad Guayana to the Tuy Valley, plus other sections, would reach around $2.79bn. These estimates were made in 1974, he added, and thus will be affected by inflationary factors.

The bids offered yesterday were: West Germany $2.58bn., Italy $1.72bn., U.S. $1.66bn., Brazil $1.63bn., Venezuelan-Spanish consortium $1.3bn., and Canada $959m.

Turkey finance arranged

HILL SAMUEL project finance has arranged loans totalling £37m. to back two major export contracts awarded to British companies by Turkey.

In conjunction with its Anglo-French associate Ciave, London, Hill Samuel has negotiated a £23m. line of credit to finance a naphtha cracking plant to be built by Stone and Webster Engineering for the Turkish State company, Petkim, at the new Aliaga petrochemical complex near Izmir.

A loan of £14m. has also been signed to enable another successful British bidder, Simchem (a Simon Engineering company) to build a low density polyethylene plant using ICI technology at the $1bn. Aliaga development. The £37m. loans are backed by the Export Credits Guarantee Department.

Terminal contract

NEW DELHI, Dec. 7.

Engineering Construction Corporation, a wholly-owned subsidiary of the Bombay-based Larsen and Toubro, has won a R280m. (£16m.) contract to build the international airport terminal building at Abu Dhabi.

Differences arise on textiles

By David Egli

GENEVA, Dec. 7.

THE EUROPEAN COMMUNITY and the U.S. were sharply opposed to-day over the renewal of the multi-fibre arrangement which regulates world trade in textiles and expires at the end of next year.

The U.S. called for the immediate renewal of the arrangement, while the Community said that extensive changes would have to be made in the basic terms if it was to agree to an extension.

Mr. Benedict Meyneil, the Community representative, said after to-day's meeting that the Community would not agree to an extension of the MFA at present. He has called for an early agreement to renegotiate the MFA taking into account the differing degrees of import penetration into consumer markets and the cumulative impact of the whole range of textile imports.

According to the Community, a renegotiation would also have to provide better arrangements concerning the base levels on which growth in imports are permitted, disparities in prices and measures to ensure that traders, in supplying countries, do not resort to massive shipments in an attempt to forestall bilateral negotiations on restrictions.

The U.S. view, supported by most exporting countries, is that MFA has provided a framework for all to work towards orderly non-disruptive development of the world textile trade.

India gives priority to coal investment

BY K. K. SHARMA

NEW DELHI, Dec. 7.

INDIA'S Government-owned Coal India plans to invest about R40m. (£2.2bn.) within the next 10 years to increase production from its mines for sale both in the country and abroad. Hopes are that coal exports will be of the order of 10m. tonnes by 1983.

The company has formulated a 10-year plan for development so that the current year's production of about 113m. tonnes increases to 162m. tonnes by 1983-84 and to 183m. tonnes by 1985-86.

Trial shipments of Indian coal have already been made to European countries and its quality has been satisfactory. Coal India hopes to cash in on the changeover to other sources of energy in view of the rise in crude prices. It expects its main markets to be Europe, Pakistan and the U.S.

Coal India operates all the country's mines following their nationalisation about two years ago and is among the three biggest companies in India.

● India's Government-owned Oil and Natural Gas Commission plans to reach a production rate of 4m. tonnes a year within the next nine months from the Bombay High offshore oilfield in the western continental shelf.

This is to be done by telescoping the first and second phases of development of the oilfield. Instead of installing four fixed platforms in each of the two stages, ONGC proposes to have five platforms in both stages.

New joint shipping line

BY OUR OWN CORRESPONDENT

NEW DELHI, Dec. 7.

THE privately-owned Scindia Steam Navigation Company is to collaborate with the Nigerian Government to start a new shipping line in which Nigeria will have a 60 per cent. share. Apart from its 40 per cent. share, Scindia will provide expertise and management services.

The new venture will operate mainly between India and Nigeria but it will also carry cargo to European ports. Nigeria hopes to transport some of its crude in the new company's tankers.

This will be the second shipping line started as a joint venture with another country. The Government-owned Shipping Corporation of India last year started the Iran-o-Hind Line in collaboration with Iran and this company has already started making a profit and now to expand its fleet.

Meanwhile, the All-India Shippers Council has strongly opposed the pooling system followed by the India-Pakistan-Bangladesh - U.K. Continental conference on the basis that this has led to higher freight rates and lack of adequate shipping space.

Record U.K. carpet sales

By Rhys David, Textiles Correspondent

BRITAIN'S CARPET industry is now set for record export earnings in 1976 with sales abroad likely to exceed £100m. In the first nine months of the year exports totalled £77m. on volume sales of 27.6m. square metres.

The figures compare with overseas sales for the first nine months of last year of £50.3m. and 19.6m. square metres, and reflect improvement in overseas demand and the increased competitiveness of the U.K. industry's products as a result of devaluation.

Sales to the EEC countries rose to £33.7m. compared with £20m. for the same period last year, and there was also a substantial increase in sales to the Middle East—up from £4m. to £8.8m. Other important markets so far this year have been Australia (£9.1m.), Denmark (£7.8m.), Ireland (£7.5m.) and West Germany (£7m.).

Sales of tufted carpets amounted to 18.6m. square metres by volume and £39m. by value and sales of woven carpets to 8.6m. square metres by volume and £36.7m. by value.

Hungary in trade talks with Austria

By Paul Lendvai

VIENNA, Dec. 7.

A FURTHER expansion of Austro-Hungarian trade and economic co-operation is one of the main subjects during the current Austro-Hungarian talks conducted during the visit of Hungarian party leader, Mr. Janos Kadar, to Vienna. Bilateral trade since 1965 has trebled and reached $400m.

Austria is Hungary's third most important western trading partner accounting for 10 per cent. of Hungary's trade with the hard currency areas. It is expected that the Hungarians will press for the elimination of trade discrimination since during the last two years they have had a visible trade deficit of $100m. in bilateral trade exchanges.

However, the Hungarian official sources have acknowledged that the situation this year has considerably improved. As a result of a 20 per cent. rise of Hungarian exports to Austria during the January-September period the deficit has been substantially cut.

$78m. airports project

Sudan's Department of Civil Aviation is inviting contractors to submit pre-qualification documents as a preliminary step towards tendering for the implementation of the country's $77.6m. airport development programme.

Finance for the programme has already been committed by three external sources: $40.6m. by the World Bank Group, $21.3m. by the Riyadh-based Saudi Development Fund which was set up in May, 1974, to provide low-interest Saudi Rial loans to developing countries, and $15.7m. by the European Economic Community.

The new airports are to be built at Port Sudan, the country's only seaport, and at Wau, capital of Bahr el Ghazal Province. Other airports are to be improved.

Supports for U.S.

Gullick Dobson International has won an order worth approximately £750,000 to supply hydraulic supports to the Mathies mine, a division of Consolidated Coal of America. The Wigan-based company is the largest manufacturer of powered roof supports in the world.

Ship conversion

Davie Shipbuilding of Quebec City has won a $27m. contract from Hall Corporation, an American owned shipping company located in Montreal, to convert three of its ships of 20,000 tons each for use on Great Lakes routes. The contract was won against competition from Britain and Japan.

Fleet 'stifled'

Abdel Rahman Sultan, director of the new Arab Maritime Petroleum Transport, said in Kuwait that the fledgling Arab oil tanker fleet he heads is being "stifled at birth" by major oil companies and shippers. He called for volume guarantees from OPEC countries.

Camps for Iran

Portakabin, York, has won a £750,000 contract with the Oil Service Company of Iran for provision of two construction camps in the Gachsaran area of Iran.

Diesels for Bolivia

A group of three Japanese companies has signed a Y4bn. contract to supply 16 diesel-electric locomotives to the Bolivian National Railways, Mitsubishi Heavy Industries said. The other two companies are Mitsubishi Electric and Hitachi.

Kuwait project

The Kuwait Government is planning to rebuild and expand the oil town of Ahmadi at a cost of Drs.1bn. (about £2.1bn.), according to Kuwait newspaper reports.

Medical order

Shanning International's medical division has won a £260,000 order for the equipping of nine medical centres in Egypt. The whole project including installation and commissioning by Shanning technicians will take six months.

Cement works

The consultancy services division of the Associated Portland Cement Manufacturers, the Blue Circle Group, has signed a £2.4m. contract to supervise the construction of a cement works in Morocco, to be built south of Casablanca.

Israel drilling

The first oil drilling venture off Northern Sinai was started last week by a British vessel chartered by the Israeli Government company "Hannah" for a period of one year, reports our Tel Aviv correspondent. The vessel has a crew with wide experience in drilling in various parts of the world. The Israel Government is now spending a considerable amount of money on prospecting in various parts of the country, both in the north, the coastal belt and in the Negev and Dead Sea area.

HOME NEWS

Industry needs ten years to revive—NEDO chief

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A WARNING that it will take 10 years for Britain to regenerate its industrial base came last night from Sir Ronald McIntosh, director general of the National Economic Development Office.

Delivering the seventh Mercantile Credit lecture at Reading University, he also maintained that it was unrealistic to expect manufacturing industry to be a source of strong growth in employment.

As with all industrial nations, most growth in employment would continue to come from the service sectors of the economy.

Viability

To the extent that the industrial strategy exercise might restore viability to declining sectors and lead to an increase in market share, further loss of jobs through urgently-needed higher productivity would be offset.

"It is my personal view that the scope for improving our market penetration by better industrial performance is now so large that it should be within our power to halt and perhaps even reverse the decline in manufacturing employment over the next decade," Sir Ronald declared.

If Britain was to regenerate its industrial base it must ensure that all current issues and policy options are examined from an industrial perspective, Sir Ronald insisted.

Any U.K. Government was continually making decisions which had major implications for industry, yet "the British Government machine is so organised that many of these decisions are taken by people with no knowledge of and often little interest in industrial problems."

Where a conflict of priorities arose, the industrial interest is nearly always subordinated to other needs. But it would be the purpose of a new industrial policy to ensure that the implications for industry of all policy options were brought into the open in the early stages of policy formulation and that where they were damaging to industry the option in question would not be pursued.

As for direct intervention by Government in industry's decisions, many matters had become the subject of acute party political controversy in recent years "and the gap between the views held on the extremes of the two main parties is now plainly unbridgeable."

Questioned

It was this above all which led people to question the ability of the present party political structure to cope with the problems of industrial regeneration that Britain now faced.

Sir Ronald maintained that a growing number of people were asking whether there should be some realignment of political interests "which would hold out the prospect of a more durable consensus on our industrial problems."

The process of industrial regeneration would take more than a decade to accomplish and many of the individual investment decisions associated with it would not fructify in the lifetime of a single Parliament.

"Hence the current attempt to develop an industrial strategy which could command a degree of bi-partisan support and be used as a settled framework for reaching decisions on specific issues as they arise."

Direct impact

Sir Ronald said that it was already clear that the work of the sector groups involved in the industrial strategy exercise would have a considerable influence on a wide range of detailed policies whose operation had a direct impact on industrial performance. Examples were standards and specifications, export credits, planning controls and even safety regulations.

Sectoral strategies would probably develop and give a clear and consistent review of the markets of an industry so that the extent and quality of investment might be properly assessed.

"It is this review that indicates the correct structure of capacity and the relevance of the product and technology to the market needs. It also facilitates the planning of supplier industries and the availability and training of labour. Such a strategy would also provide a consistent framework for official support for new investment on restructuring should this be necessary."

Prospects for house building 'abysmal'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PROSPECTS for private house building in 1977 are "abysmal," according to Mr. Charles Mitchell, president of the House-Builders' Federation.

Mr. Mitchell told his federation's annual meeting in London that the high cost of mortgages combined with a likely shortage of building society finance was likely to lead to serious difficulties for the housing sector next year.

The sharp drop in the number of new private homes on which work started in October was a "disturbing indication" of the level of output which builders could expect in the coming months, and the projected 160,000 starts in the private sector this year might not be achieved. Last year a start was made on 148,000 private homes.

Some builders believed private starts in 1977 would fall below the 100,000 level and that as such a drop would coincide with a reduction in public sector output, the consequences for employment in the industry could be very damaging.

The indications were that mortgage funds allocated by building societies were likely to be cut back substantially and that, for 1977 as a whole, lending could be down by a quarter from this year's target of £6bn. Such a trend was deeply disturbing for house builders who had to be confident that sufficient funds would be available for potential house purchasers before construction programmes went ahead.

"In present circumstances it is impossible for builders to have that confidence. The result is that housing programmes are being cut back sharply, postponed or, in an increasing number of cases, abandoned altogether."

Mr. Mitchell said he had "every sympathy" with the building societies who had the difficult task of assessing the correct interest rate and who, on the last occasion, were caught out by the decision to raise minimum lending rate to a record level.

He added: "Building societies face the prospect of having to raise their interest rates yet again and the only factor which could prevent such an increase would be an easing of the general level of interest rates." He was not, however, confident that this was about to happen.

● Final figures from the Department of the Environment, released yesterday, confirm that October was the worst month for private housing in England and Wales since March, 1975.

According to the DoE, private housing starts totalled 10,100, compared with 15,200 in the previous month, while the number of private homes finished fell to 12,300 from 14,500 in September. Council housing starts in October dropped to 11,600, compared with 14,500 in the month before, while completions fell from 15,200 to 13,500.

Freeson told of recession problems

By Michael Cassell, Building Correspondent

REPRESENTATIVES OF the building and civil engineering industries told the Government yesterday that recession in the construction sector could threaten ability to support the industrial strategy programme.

Management and union representatives of the industry met Mr. Reg Freeson, Minister for Housing and Construction, and Mr. Robert Sheldon, Financial Secretary to the Treasury, to call for more help for construction. They emphasised at the meeting of the national consultative council of the Building and Civil Engineering Industries that unemployment in the building sector had reached 220,000 and that further redundancies were expected next year.

The ideas put forward by the industry at yesterday's meeting were formulated after a meeting with Mr. Freeson in October. It was the Minister who called yesterday's emergency meeting.

In October, the National Economic Development Office recommended that a formal link should be established between the construction industries and the industrial strategy and said it would be seeking Government proposals to see that the sector's productive capacity would be maintained in order to ensure that it played a major role in the country's economic revival. The Government is expected to respond next month to the NEDC's request.

Programme

At the meeting, the industry's leaders put forward a wide-ranging programme aimed at stimulating construction output in the immediate future. The Government was urged to give the go-ahead for a larger house building programme and suggested new measures to help more people buy their own homes. "More realistic" rent policies in the public sector were urged.

Mr. Bob Willan, president of the National Federation of Building Trades Employers, said afterwards that, although the Government's representatives had shown more forthright concern and support for the industry's problems than ever before, he had been disappointed by the outcome.

"Although the Minister listened it is clear that we have to wait until anything is done to help us and we need action now not in two or three months' time."

The deputation had been expecting some indication that its package of proposals was accepted as being practical but no such undertaking had been given.

'Few people caught in poverty trap'

Financial Times Reporter

HIGHER CHILD benefits to larger families would be the most effective way of removing any disincentive to work felt by people living on supplementary benefit, said Professor David Donnison, chairman of the Supplementary Benefits Commission yesterday.

Professor Donnison, who insisted that "very few people" living on social security payments are caught in the "poverty trap" made a vigorous defence of the social security system.

Higher minimum wages, he said, would not give most benefit to men with several children to support and high rents to pay. Raising tax thresholds would be an expensive and ineffective way of increasing incentives to work.

Taxing benefits "would call for a lot more civil servants to take away the tax, and a few more to give back some of it in supplementary benefit."

He concluded that "larger childd benefits concentrated on the larger families would be the most effective way of liberating people on supplementary benefit from anw poverty trap in which they might be caught."

Oil exporters cut sterli[ng] holdings to below £1.6b[n]

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE OIL-EXPORTING countries reduced their holdings of sterling balances to under £1.6bn. by the end of September, £1bn. less than six months earlier.

Official sterling balances as a whole were down to £2.76bn. by the end of the month after a drop of £355m. in the third quarter. This compares with a decline of £905m. in the previous three months. The peak of the official balances was £4.9bn. in early 1975.

The official holdings have been the most volatile element in the balances generally and have accounted for much of this year's pressure on sterling, leading up to the approach to the IMF at the end of September.

This explains the present search for an international agreement which will remove the threat to the exchange rate from a sudden withdrawal.

The oil-exporting countries, whose holding were nearly £3.5bn. in early 1975, accounted for almost all the total drop in official balances in the third quarter, and there was a slight increase in the sterling balances of EEC countries.

Private holdings of sterling balances, which were stable in the first half of 1976, rose by £210m. in the third quarter as a result of an increase in sterling deposits by Irish residents during the bank strike in the Republic.

SUMMARY BALANCE OF PAYMENTS (£m.)

	1975 3rd qtr.	1975 4th qtr.	1st qtr.	2nd qtr.
	Seasonally adjusted			
CURRENT ACCOUNT				
Visible balance	−989	−682	−478	−1,004
Invisible balance	+434	+387	+445	+471
Current balance	−555	−295	−303	−533
	Not seasonally adjusted			
Current balance	−540	−115	−261	−481
Investment and other capital flows	+360	−275	−269	−1,262
Balancing item	−39	+34	−112	−181
Balance for official financing	−219	−356	−642	−1,924
OFFICIAL FINANCING				
Net transactions with IMF	0	0	+573	+437
Other Monetary Authorities	0	0	0	+581
Foreign Currency borrowing: by HM Government (1)	0	0	0	0
by public sector under exchange cover scheme	+42	+137	+277	+582
Official reserves (drawings on, +/addition to, −)	+167	+219	−208	+324

(1) Drawings on a Euro-dollar facility for HM Government to [...] $2.5bn.

Deficit

This is revealed in the balance of payments figures for the third quarter published by the Central Statistical Office yesterday.

The seasonally adjusted current account deficit for the third quarter is now calculated at £637m.—some £100m. less than projected in the monthly trade announcements. That indicates a total deficit of £1.2bn. in the first nine months of 1976.

It reflects a rise of nearly £100m. to £589m. in the invisible surplus between the two quarters after a strong rise in earnings from travel and other services, such as finance and construction.

Net earnings from travel rose by £50m. to £165m. in the third quarter with the number of visitors from abroad and their average spending continuing to rise.

Meanwhile, fewer British people went overseas, so that travel spending by U.K. residents remained virtually unchanged.

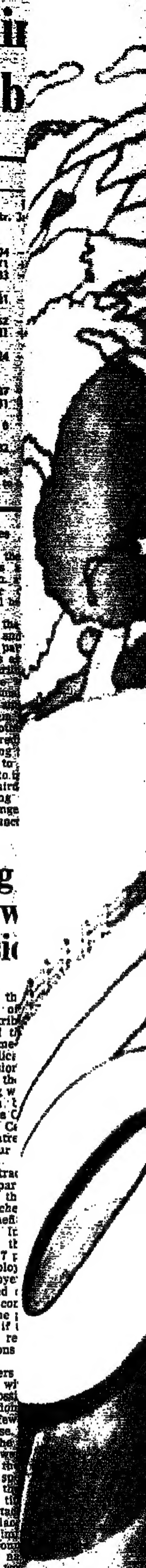
The combined deficit on current and capital account fell from £1.92bn. to £848m. between the second and third quarters.

This balance for official financing was met by net public sector orrowing under the exchange cover scheme of £492m. and further drawings of £309m. on the central bank short-term credits. The reserves [...] £47m.

Total drawings on the central bank credits [...] confirmed at $1.545bn. [...] $515m. third-quarter [...] The amounts due will be [...] to-morrow.

The pressures on the [...] account from leads and [...] alterations in the pay[...] commercial payments [...] with periods of sterlin[g...] sure—appear to have [...] to judge both by a sm[...] flow for trade credit an[d] smaller balancing item[...]

Sterling claims, oth[er...] identified export cre[dit...] tinued to rise, bringing [...] increase this year to [...] probably largely due to t[...] sterling finance of third [...] trade which is being [...] under the new exchange [...] arrangements announce[d...] month.



Institution doubts on option market

BY MARGARET REID

UNCERTAINTIES about the prospects for the creation of a traded share options market in Britain are underlined by a new survey which shows that, while a small majority of leading stockbrokers favour it, most investing institutions would not use the system.

The study, which was carried out by Opinion Research Centre among more than 300 stockbroking concerns and institutions, discloses that three-fifths of the 35 leading stockbroking firms with institutional business which were interviewed wanted an options market. The rest did not.

Under an options trading system of the kind the Stock Exchange is considering, and which is broadly based on the Chicago Board Options Exchange, investors can not only purchase options to buy shares in the future at pre-determined prices, but can deal in the options themselves.

The London project, which would be limited to existing members of the Stock Exchange, could only go ahead if the Exchange's members approved the necessary change in its constitution by a 75 per cent. majority. Before that vote can be held, the idea is that a prospectus-type document, canvassing the degree of financing backing for the scheme, should be despatched to members.

The Opinion Research Centre survey found that, of the 177 broking concerns asked, 45 per cent. favoured the idea of an option market. 34 per cent. opposed it, and 21 per cent. "didn't know." Of the 142 smaller brokers, 42 per cent. were for the market, 33 per cent. against, and 25 per cent. in the "don't know" category.

Four held in custody on bank fraud charge

FOUR MEN have been arrested by Scotland Yard's Commercial Squad on a charge of conspiring to defraud people in handling letters of credit relating to the Universal Banking Corporation.

They are: Mr. Badruraly Jeanmamod Karim, 32, company director, of Rivercourt Road, Hammersmith, Mr. Andrew Brian Pritchard, 29, secretary, of Grafton Road, West London, Snr. Fernando Delahoz, 58, manager, of Brompton Square, Chelsea, and Sig. Salamon (Samy) Bouzgalo, alias Samy Wagner, 26, company director, of Grove Court, St. John's Wood.

They were further remanded at Bow Street Court yesterday until later this month after the Magistrate, Mr. K. J. P. Barraclough, had been told that inquiries in the case will take until February to complete.

Mr. Karim, who is of French nationality, and Sig. Bouzgalo, an Italian passport holder, were remanded in custody, but Mr. Pritchard, who is English, and Snr. Delahoz, an Argentine, were given bail.

Reporting restrictions were not lifted for the case.

All four accused are charged with conspiring between March 1 and November 25 this year, with other persons unknown, to cheat and defraud such people as might be induced to deal in, purchase or discount letters of credit, letters of guarantee, certificates of deposit, promissory notes, and other valuable securities, relating to or purporting to relate to, or supported by the assets of the Universal Banking Corporation.

Two other accused, Sig. Mario d'Agnolo, 41, an Italian company director, of Milan, and Mr. Gino Scalamandra, 46, a U.S. citizen described as a professional gambler, of Southwick Place, W.2, were given bail on charges of allegedly possessing small quantities of forged foreign currency. Sig. Roberto Loyola, 38, a Rome company director, was also bailed on a charge of receiving stolen cheques valued at $81,000.

November car production well above year's average

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH CAR production rose encouragingly last month to a level well above the average for the year. The last three months, howver, have shown no overall improvement on the poor levels of the summer holiday period, according to Department of Industry figures yesterday.

The statistics reflect the healthy impact of Ford's return to full production after the reorganisation of its Dagenham factory and also show that output is running well above last year's level.

Commercial vehicle output too staged a recovery in November, reaching levels not achieved since last year. Although not too much should be read into one month's figures, there are hopes in the industry that commercial vehicle sales are now pulling out of the deep trough.

Judged against last November's performance, car production last month was particularly buoyant—up 10 per cent. cent. at 123,000 units.

Seasonally adjusted, this figure come down to 112,000 units, which is 6 per cent. above the monthly average for 1975.

In the first 11 months of 1976, the average weekly rate of car production was 5 per cent. higher than in the corersponding period last year.

Commercial vehicle output in November, at 34,000 units (unadjusted), was 12 per cent. up on the same month last year. On a three-month adjusted basis, the September to November period showed a 4 per cent. incrase on the preceding three months.

Separate figures produced by the Society of Motor Manufacturers and Traders yesterday showed that in October, British Leyland achieved one of its best production performances of the year.

Weekly average car output of 15,984 vehicles—compared with 11,226 last October—was well above the average for the year of 13,026 units a week.

Of the big four car producers, only Chrysler U.K. has hown a fall in production this year (to a weekly average of 2,518 vehicles against 4,646 in 1975,

Warning [...] paying tw[...] for pensi[...]

By Eric Short

EMPLOYERS AND th[...] ployees run the risk of [...] double pension contrib[...] one to the State and th[...] to their company scheme[...] delay submitting applic[...] the Occupational Pensio[n...] to contract-out of th[...] scheme. This warning w[...] yesterday in London [...] Byers, chairman of the C[...] Pensions Information Ce[...] the launch of the centre[...] publication, How Your [...] Scheme Works.

Employers can contra[ct...] the earnings-related par[...] new State scheme if th[...] their own company sche[...] viding adequate benefi[...] return, the National In[...] contributions paid to th[...] would be reduced by 7 p[...] —2½ per cent. for employ[...] 4½ per cent. for employe[...] as Lord Byers pointed [...] ployers must have a con[...] out certificate from the [...] Board by April, 1978, if [...] to qualify for this re[...] Processing applications [...] take time.

He advised employers [...] plete consultations wi[...] ployees as soon as possi[...] submit their application[...] Board within the first few [...] of next year. Otherwise, [...] saw total chaos at the [...] 1977, with a jam of w[...] whelming the staff of th[...] pension advisers and sp[...] thereby endangering th[...] ing of certificates in th[...]

Lord Byers also atta[...] Government for not pla[...] sions outside pay li[...] pleaded for an annou[...] from the Government [...] date when pensions w[...] free from restrictions.

The centre's book[...] intended to provide an[...] readable explanation o[...] occupational schemes ope[...] covers such items as in[...] tion, trustee responsibilit[...] the different ways in whi[...] sion fund assets are inves[...]

How Your Pension [...] Works: The Companies P[...] Information Centre, 7, Ol[...] Lane, London, W1Y 3LJ[...] 10 copies free; others 15[...]

Lord Allen to head gaming boar[d]

By Michael Thompson-No[...]

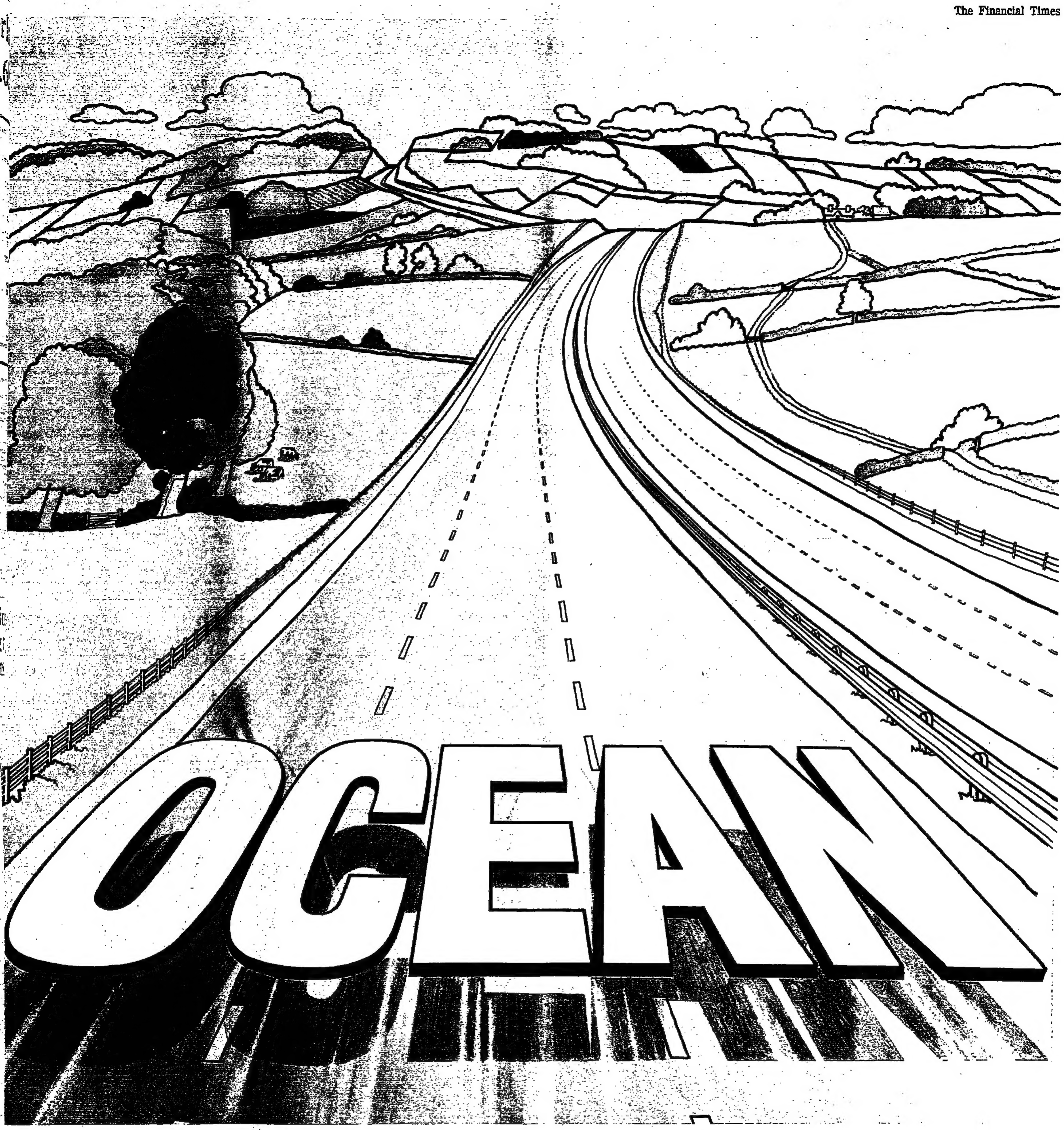
LORD ALLEN of Abbeyda[le...] a former Permanent Secretary of State at the [...] Office, has been named [...] Stanley Raymond's succes[sor...] chairman of the Gaming [...] from July 1.

Sir Stanley, who has [...] chairman of the board si[nce...] was started in 1968, has to[ld...] Home Secretary that after [...] years in the post he felt a c[...] was desirable. Now tha[t...] Gaming Board had submitt[ed...] main written evidence to [...] Rothschild's Royal Comm[ission...] on Gambling, he felt it a su[...] time to make his decision k[...]

Sir Stanley sometimes [...] taken a controversial sta[nce...] gaming, claiming on more [...] one occasion that the pow[...] the big commercial gam[...] conglomerates should be [...] tailed.

Lord Allen has been a me[mber...] of the Gaming Board since [...] year and is chairman of [...] Occupational Pensions [...] and the National Counc[il...] Social Services. He was [...] counting officer for the ref[eren]dum in 1975.

هكذا من الاصل



If you want fast distribution, we cover the ground.

When you think of Ocean you think of ships, but today you're just as likely to see us sailing down the motorway.

Because the distribution of consumer goods to the High Street is part of the world of Ocean.

So too is the delivery of fuel all over Britain, warehousing in Britain and on the Continent, and fast, efficient road transport services to Europe.

Ocean is also in the air. With one of today's truly international airfreight companies operating in forty-five countries.

It goes without saying that we're also a big name at sea, with over one million gross tons of shipping under our flags.

We also operate ships for other people with everything from complete crews to maintenance services. And we're right in the oil business too with offshore ships and supply services.

Whether your freight goes by land, sea, or air, you'll find we cover the ground.

If you want fast distribution one word says everything... OCEAN.

At sea

Blue Funnel – bulk and Far-East cargo liner services
Elder Dempster – West African cargo liner services
Ocean Fleets – ship management services
Ocean Inchcape – offshore supply services
Cory Ship Towage – UK and Irish harbour towage
Straits Steamship – S. E. Asia shipping services

On land

Wm Cory – fuel distribution and lighterage
Cory Distribution – High Street distribution
McGregor Cory Europe – European road transport
McGregor Cory Cargo Services – warehousing and freight forwarding
Straits Steamship – engineering and property

In the air

McGregor Swire Air Services
– international airfreight forwarding

These are some of the Ocean Group companies.

The wide world of ocean

Ocean Transport & Trading Limited India Buildings Liverpool L2 0RB Tel: 051-236 9292 Telex: 629236

HOME NEWS

Motor industry backs EEC plan on lorry sizes

BY TERRY DODSWORTH AND IAN HARGREAVES

THE SOCIETY of Motor Manufacturers and Traders has thrown its weight behind a big, new, European initiative aimed at resolving the conflict over heavy lorry weights in the Common Market.

New proposals, which would mean heavier lorries in Britain, will probably be put to the council of Transport Ministers at their meeting in Brussels on December 16.

These are based on three, central recommendations on which heavy vehicles would be approved for general circulation throughout the Common Market: that they should not exceed 40 tonnes maximum laden weight: that they should run on five axles; and that they should conform to dimensions similar to those currently allowed in most member States.

There are high hopes in Brussels that the plan will provide an acceptable compromise to one of the thorniest issues on transport policy. Extensive *negotiations with European* manufacturers and trade associations over the last few months have shown a consensus developing along these lines.

United front

In Britain, there is no doubt that the society, along with the principal road haulage organisations, would support such a solution.

A lot of work has been going on behind the scenes in the U.K. during the past few months to bring all the interested parties *together in a united front on* the issue.

The SMMT is hoping to present the Ministry of Transport and the Department of Trade with a document early next year arguing a similar case to that prepared by the EEC officials.

There now appears to be considerable support within the Ministry of Transport for the EEC ideas. Heavier lorries would mean a considerable saving on transport costs, and there is a strong argument for bringing British vehicle regulations into line with the EEC so that U.K. manufacturers can design to a common standard.

The Government has been made particularly aware of the latter point by British Leyland, which has been told to direct a new lorry exporting effort to the EEC as part of the State-backed rescue scheme.

Political will

In the past, however, environmental arguments against heavier vehicles have had a strong following in Britain and any move *clearly requires a change of political* will. The environmentalists argue that heavier vehicles mean more noise, more pollution and greater danger from bigger lorries on the roads.

The EEC proposals have been designed to draw the sting from some of these objections. On size, for instance, they suggest a maximum length of 15.5 metres for articulated vehicles—only half a metre longer than the present British standard. Also, the five axle requirement means that indivdual axle weight on the road would be no more than in existing four axled 32-tonne vehicles.

The EEC document calls, too, for environmental and safety guarantees, particularly over *noise.*

Member-Governments, including the British, are expected to bring a wide range of objections to the council of Ministers' meeting, but it is hoped that the Commission will be able to draw up a draft proposal for presentation next year.

Amoco's Montrose oil reserves may be lower than thought

BY RAY DAFTER, ENERGY CORRESPONDENT

THE AMOCO GROUP'S Montrose oil field may have lower recoverable reserves than first thought.

The first three production *wells, now yielding oil,* encountered slightly less than expected, according to industry reports. If the experience is repeated with most of the other 23 production wells, Amoco will probably have to reassess the recoverable reserves of the field.

Montrose was brought on stream in July, since when the offshore loading system has operated above expectations. Consequently, Amoco is not at present altering its view that maximum production of 50,000 to 60,000 barrels a day can be achieved.

It is also felt that the early development information is insufficient to alter the level of recoverable reserves. These are *put at between 150m. and 160m.* barrels, although some industry analysts have estimated the total as high as 180m. barrels.

Amoco, with its partners (British Gas, Amerada Hess and Texas Eastern) is planning to extract between 45 and 49 per cent. of the oil in place—one of the highest recovery factors in the North Sea.

The group has challenged assumptions and conclusions about the field's performance by Professor Peter Odell and Dr. Kenneth Rosing, of Erasmus University, Rotterdam. The oil industry commentators claimed in a controversial report that companies were deliberately understating possible oil reserves, a situation which, they said, was costing billions of dollars in lost revenue and *thousands of jobs.*

Mr. Norman Rubash, managing director of Amoco, said that the authors had calculated a maximum recovery rate equivalent to 92 per cent. of the total oil-in-place at Montrose. "If Odell and Rosing were right, Montrose would be one of the most renowned fields in the history of the industry, rather than what it is, a marginal North Sea oil field."

Prof. Odell is well-known in the industry for his criticism of oil company attitudes in the North Sea. He has repeatedly challenged the industry's assumptions about reserves and recovery rates.

Piper output

Companies point out that early production experience has not substantiated his claims. So far, only BP's Forties Field is producing oil at a rate above expectation, and even here the level of reserves have not been uprated. Development of several of the fields have been delayed because of a number of factors.

For instance, *Occidental's* Piper Field was due to come on stream in spring 1975 but is only now being brought into production.

Consequently, it seems unlikely that the Government's output forecast for North Sea oil this year will be reached. It was expected that between 15m. and 20m. tonnes of oil would be produced this year; the actual output could be 2m. or 3m. *tonnes less than even the lower* figure.

● On Piper itself, Occidental announced yesterday that the first well from the field's *production platform* had now been completed and was producing oil into the 135-mile 30-inch pipeline to the Flotta terminal in the Orkneys.

The field, discovered in 1973, is 100 miles North-East of Aberdeen. It is the seventh U.K. oilfield to be brought on stream and the fourth largest in the British sector of the *North Sea. Costing* $700m. (almost £425m.) to develop, according to industry estimates, it is thought to have 800m barrels of recoverable reserves.

Occidental yesterday estimated that maximum output of 250,000 barrels per day would be reached in 1977. First sales of Piper oil from the Flotta terminal are expected next year.

Occidental is the operator for a group consisting of Getty Oil International (England), with a 23.5 per cent. stake, Allied Chemical (Great Britain), with 20 per cent., and Thomson *North Sea, also with 20 per cent.,* as well as Occidental itself with 36.5 per cent.

The group's other major find, Claymore, discovered in 1974 and 20 miles West of Piper, is one of seven commercial fields in the U.K. sector now waiting to be brought on stream.

Phase three bonuses must be based on output, says Methven

BY IAN HARGREAVES, INDUSTRIAL STAFF

ANY PRODUCTIVITY *bonuses* included in the next phase of the pay policy must be based on genuinely increased productivity, Mr. John Methven, director-general, Confederation of British Industry, said in London yesterday.

Speaking at an Industrial Society lunch he called for greater CBI involvement in the formulation of phase three of the pay policy.

The confederation reluctantly accepted the need for a further round of pay restraint, even though the *first two phases* had manifestly blunted the ability of companies to reward effort and productivity.

There should be an element of productivity incentive in phase three, but "that is an extremely difficult thing to do, because so often in productivity agreements in the U.K., money has been given away before we get the productivity. *That would* mean severe wage drift in stage three, which the country could not afford."

It was vital that, if phase three *was to be more flexible* than its predecessors, the CBI, as a representative of managers, should have a key role in its formulation.

The policy would depend on its effects being monitored by managers. If they were not involved, the policy would fail.

Mr. Methven's remarks follow the news that CBI leaders have already planned meetings with the TUC to discuss the shape of phase three.

Mr. Methven confirmed yesterday that the CBI is still working on producing a scheme for a long-term alternative system of pay determination incorporating ideas from systems successfully *operated in Germany, Austria and Sweden.*

Earlier, he accused the Government of renewing its "witch-hunt" against small businesses and their 5m. employees by *reviving the idea of a wealth tax.*

The news that the TUC-Labour Party liaison committee was to investigate the possibility of introducing such a tax within the *life of the present Parliament* was in flat contradiction to an earlier statement by the Chancellor, he said.

It was one of several examples *of what Mr. Methven called* "sweet-and-sour government" at a time when industry needed stability and certainty.

Industry also needed the right economic package from the Chancellor in the next few days if confidence was to berestored. Two essential components of this package would be public spending cuts of £3bn. by 1980 and an early programme of tax cuts.

There was a hint, however, that the CBI has softened its previously resolute opposition to increases in indirect taxation. Such increases could be countenanced, Mr. Methven said, "only if required to reduce the burden of direct personal taxation.

"*Without action in these areas.* I will promise that there will not be the improvement in business confidence we are all looking for, and which the U.K. needs."

Overseas companies moving to Wales

BY RHYS DAVID

OVERSEAS companies are now making a significant contribution to the Welsh economy, with more than 53,000 employees and fixed assets worth more than £500m., according to a report out to-day.

Most of the investment has taken place since 1964 with 127 companies involved at the end of 1974.

The report, sponsored by the Development Corporation for Wales and the University of Wales Institute of Science and Technology, is written by Professor *Glyn Davies* and Dr. Ian Thomas. It points out that one effect of the overseas invasion—mostly by North American companies—has been to help Wales achieve a much more broadly-based industrial structure.

The 127 overseas companies represented in Wales produce 99 separate product categories in 138 establishments.

Thus some impact *is being* made on the excessive specialisation in Wales, where a higher proportion of the population than elsewhere in the U.K. still works in steel and coal. The high proportion of turnover devoted to exports by ovesreas companies in Wales—some 28 per cent. in 1974—is also noted.

Engineering

The biggest group of overseas-owned companies in the Principality — a total of 39 — are engineering concerns, with *Hoover, employing more than* 5,000 people at Merthyr Tydfil, the largest overseas company. Other important sectors are vehicles—through Ford at Swanseas, chemicals — through Dow, Revlon and Parke-Davis, and oil —with four of the principal U.S. oil giants, Esso, Texaco, Gulf and Amoco, operating refineries at Milford Haven.

Altogether some 90 of the 127 overseas companies in Wales are *U.S.-owned. Together with three* Canadian companies, including Alcan, these account for 90 per cent. of overseas employment investment and sales.

There are also, however, 13 companies from West Germany and others from a total of more than a dozen countries, including Japan, Sweden, Switzerland, Austria, Spain and Ireland.

Relations

Many of the overseas companies moved to Wales from other parts of the U.K. or acquired Welsh operations through takeovers. But about a third were direct moves to Wales.

The most important reason for *their moves, according to the* report, was Government inducement. Other factors taken into account included the availability of labour and sites, good distribution and transport links.

In line with recent Department of Employment findings, the authors report a more favourable picture of industrial relations than is generally supposed. Some 86 of the 127 companies in the report had not experienced any industrial stoppages between 1964 and 1974.

The report finally urges *further efforts to attract overseas* investment to meet an estimated job gap of 120,000 over the next decade. A total of 60,000 jobs is needed, it points out, to bring unemployment down to about 2 per cent., a further 30,000 to replace losses in coal and steel and another 30,000 to raise low Welsh activity rates, particularly among *women.* A target of a further 30,000 manufacturing jobs as a result of investment by overseas companies is set.

Overseas Investment in Wales, by Professor Glyn Davies and Dr. Ian Thomas. Christopher Davies (Publishers), 4-5 Thomas Row, Swansea, SA1 1NJ. £9.75.

BBC apologises to Coal Board

THE BBC apologised in the High Court yesterday over allegations that the National Coal Board was guilty of gross overspending on unnecessary mining equipment and that it had victimised a senior official who made the accusations.

The Board had sued the BBC, *alleging libel in a television Man Alive report* in February.

Mr. John Previte, for the BBC, said the corporation unreservedly withdrew all the allegations made against the Coal Board and apologised for the embarrassment the Board had been caused.

Mr. Justice Ackner gave leave for the record of the Coal Board's libel action to be withdrawn.

Christmas mail

LATEST recommended posting dates for *delivery of Christmas* mail within Britain are Friday, December 17 for parcels; Saturday, December 18 for second-class letters, and Monday, December 20 for first-class letters, the Post Office said yesterday.

Merchant tonnage losses up in first quarter

BY KEVIN DONE, INDUSTRIAL STAFF

A TOTAL of 68 merchant ships *aggregating 342,954 gross tons* and representing 0.1 per cent. of the world merchant fleet tonnage were lost in the first three months of the year, according to the Lloyd's Register of Shipping returns, published in London to-day.

Comparisons with previous years can be misleading as the quarterly returns are provisional and do not include casualties that are still to be settled, but they do act as a barometer.

The first quarter tonnage has been heavily inflated as it includes the wrecking of the Olympic Bravery, the 126,622 ton Liberian registered tanker that broke in two at Ushant on its maiden voyage from Brest to Farsund in January.

The 68 *ships lost compare with* 93 in the same period of 1975, but the tonnage total rose from 310,850 to 342,954. An increase that can be largely attributed to the sinking of the Olympic Bravery.

The Olympic Bravery casualty caused *the London insurance* market to pay out $25m. (about £14.5m. at then rates of exchange). Such large single payments are contributing to the expectation among London underwriters that this year overall will almost inevitably show bigger losses on the marine account than last year's record of £122.6m.

The wrecking of the Olympic Bravery, again, causes Liberia, with one of the major flag of convenience fleets, to show the largest tonnage loss—210,409 tons—in the first quarter, with six ships lost.

The other major flag of convenience fleet, Panama, lost a total of 10 ships, aggregating 35,130 tons, while Greece lost *five ships totalling 44,697 tons.*

The British fleet lost five ships amounting to 3,025 tons, but this was only 0.01 of this company's total tonnage.

● NEWS ANALYSIS—LONDONDERRY

Shopkeepers despair after blitz

BY GILES MERRITT

ON SATURDAY a "Christmas Special" train packed with shoppers will leave Londonderry for a day-trip to Dublin.

Many of those unwilling to make the seven-hour rail journey there and back are expected to undertake the two-hour car drive to Belfast, or visit nearby Coleraine, a mere 30 miles away.

For the physical devastation of Londonderry's commercial centre by Provisional IRA fire-bombs at the week-end is only one facet of the damage being done to the city's retailers and the local economy.

The tight security ring around the shopping zone may not stop the bombers, but it certainly deters the shoppers. And the latest toll of 28 shops destroyed or damaged in a single attack has reduced the range of choice appreciably.

Although a more flexible security system allowing buses into the central area starts this week, fewer restrictions and greater variety elsewhere are the incentives drawing Derry's Christmas shoppers to other towns. Not even Derry's cheaper prices—5 to 10 per cent. lower than in other shopping areas—appear to staunch the exodus.

The immediate aftermath of the weekend's blitz has been despair among the city's shopkeepers.

The damage, estimated at more than £1m., does not at first sight look as dramatic as early reports suggested. Because of the narrow frontage of the arcade that housed 14 of the businesses destroyed, the principal shopping avenue of Shipquay Street appears outwardly to have suffered little.

But for the traders, who have for the past 18 months enjoyed a comparative respite from the persistent bombing during 1972 to 1975, Sunday's raid appeared an omen of worse to come.

On Monday, against the background *of insurance assessors* moving carefully through the smouldering premises, and juvenile looters combing the wreckage of all but the totally burnt out shops, the traders and a handful of outraged middle-aged women staged a protest march from the top of Shipquay Street.

Passers-by were invited to join, but fire-bombings in Derry seem to attract more attention from the outside world than from the city itself and few accepted.

The protestors made their way *silently down Shipquay Street.* Several held placards, but they looked irresolute as they straggled silently past Shipquay Arcade. It was more a sombre wake than an angry demo.

Many of the shopkeepers who had lost their livelihoods at the week-end did not turn up to march, a reflection of fatalism rather than indifference. There is no sectarian logic in the IRA's destruction of the shops—70 per cent. of the shopkeepers affected were Catholics.

Even before this latest attack, terrorism and the troubles had cost about £15m. in destroyed shops in central Derry alone. Although British Government compensation awards are meant to make good the cost, Londonderry's traders estimate that payment delays and valuation differences mean they generally receive only two thirds of the amount needed to resume business.

This week-end's damages has put 100 people on the dole. They join 500 others who have already lost their jobs through shops being closed. Before the troubles, the retail trades in the city centre employed about 2,000 people, so 30 per cent. of those jobs have been lost.

Most retailers in Derry are now seasoned survivors of successive IRA campaigns. *Five of* the 14 shopkeepers who were in Shipquay Arcade have been burned out before, and of those one is the veteran of seven previous attacks.

Londonderry's population is about 70,000, so the army is generally more in evidence than in larger cities such as Belfast.

In the aftermath of the bombings, the security forces have been visibly on the alert, but the shopkeepers are under no illusions that tightter security can ever foil determined bombers.

The answer to their problems, the traders argue, is better financial support from the Government, either in the shape of low interest loans for reconstruction or a decision to declare Londonderry's battered centre a "new town."

Outside the city's gothic town hall, the municipal Christmas tree has just been erected, its dark fir green blending nicely with the army's camouflaged armoured vehicles parked beneath. Carols blare from loudspeakers over Burton's menswear shop. But this traditional time for shopping sprees holds little promise for Derry.

Undeterred, the retailers' association met yesterday to try to arrange new or temporary accommodation for the victims of the week-end attacks

Road spending cuts 'wasteful' expert charges

By James McDonald

THE GOVERNMENT was accused yesterday of not reducing public spending but only postponing it wastefully, because real costs in the future would be higher.

The charge was made yesterday by Mr. Robert Phillipson, director of the British Road Federation, who told a meeting in Plymouth that the forced reduction in local authority *spending on transport* next year was a calculated bluff aimed at the International Monetary Fund.

In the road maintenance rundown, at least 11,000 jobs would *be lost, according to the Environment* Department, but all those sacked would have to be brought back in two or three years to deal with a backlog of essential repairs.

"The Government is buying time with unemployment just to impress the IMF." Mr. Phillipson told the South Western Organisation for Road Development. Local authorities were now desperately worried about road maintenance and the risk of long-term damage.

"One county has estimated that neglect of running repairs costing, say, £180, would later cost £1,870 in re-surfacing and £6,500 if reconstruction were needed. That is why cuts in local authority spending are a calculated bluff," he said.

LABOUR NEWS

Pay curbs warning by power engineers

By Our Labour Correspondent

A WARNING that they would *be prepared to consider* a further round of pay restraint only if it included provision for restoring incentives and pay differentials came yesterday from leaders of the small but powerful Electrical Power Engineers' Association.

A meeting of the national executive agreed that it was prepared in principle to consider a further round of pay policy which it believes will be in the national interest. But it stressed that any new policy would have to be based on "the overriding need to begin to restore incentives and differentials, subject to an overriding minimum to protect the genuinely low paid."

The association, which represents the engineering, managerial and scientific staff in the electricity supply industry and is trying to extend influence throughout industry, urged *the* Chancellor *to* introduce general reduction in income tax at all levels "including those doing skilled, professional and managerial work."

Commenting on his executive's decisions yesterday, Mr. John Lyons, the association's general secretary, said that the Government had to realise that *skilled workers,* professional workers and managers at all levels had had enough of the prolonged discrimination against them, *discrimination* exercised both through incomes policies and taxation policy.

Everyone had given the Government unstinted co-operation in its difficulties, but this would not go on if this discrimination continued. He thought that the Government should be made aware of the situation sooner rather than later.

Expenditure cuts strike planned

LOCAL GOVERNMENT workers in Scotland are to stage a one-day strike in protest against the cuts in public expenditure which is forcin ga reduction in both council manpower and services to the public.

A date for the strike has yet to be decided. Permission for the strike was given by the National and Local Government Officers Association emergency committee, and is expected to involve thousands of workers. *The Strathclyde area alone has* 10,000 NALGO members.

NALGO members in the Lothian area of Scotland have also decided to picket council meetings where cuts in services are to be discussed.

Scottish TUC leaders are to meet the Prime Minister and other senior Government Ministers to-day to protest at the high level of unemployment in Scotland and planned cuts in public expenditure.

They will argue that unless there are major changes in *Government policy the Scottish* unemployment situation will worsen next year.

Mr. James Milne, general secretary of the Scottish TUC, said yesterday that any further economic measures imposed by the IMF negotiators would be "totally unacceptable" and were unnecessary.

To-morrow the Scottish TUC will *meet MP's* to discus devolution.

Agreements on pay rises reached

AGREEMENT HAS been reached on wage settlements in line with the provisions of the pay policy for two groups of public sector workers.

Under a settlement announced yesterday *between the Post* Office and Union of Post Office Workers the basic pay of a postman will rise from £48.64 to £51.14 per week. The settlement covers 195,000 staff including postmen, postal officers, telephonists, and telegraphists, and will cost £37.3m. a year.

A similar phase two settlement has been reached on behalf of *43,800 home-based British Airways* staff. Part-time staff and those aged under 18 will receive pro rata increases.

TUC urges pressu[re] to veto 'green' pound devaluation

BY ROY ROGERS, LABOUR CORRESPONDENT

INCREASED PRESSURE on the Government to continue to veto any devaluation of the EEC "green" pound system until the Common Agricultural Policy is *reformed, comes from the TUC* to-day.

Mr. John Silkin, Minister of Agriculture, has been invited to attend to-day's meeting of the TUC's key *economic committee,* where he will be warned against conceding anything to other Common Market countries that will lead to excessive food price rises.

Mr. Jack Jones, general secretary of the Transport and General Workers Union, and main supporter of the TUC's social contract with the Labour Government, has already warned that any devaluation in the "green" pound would act as a "time bomb" under the social contract.

In a document before to-day's meeting, the TUC argues that the effect of such a devaluation would be to raise U.K. farm incomes, reduce the subsidies on imported foods Britain receives from the EEC, and lift the price of most domestic foods.

Food prices would rise by 6p in the pound if the "green" pound was devalued by 20 per cent., *according to the TUC.*

Arguing that high prices produced by the CAP m[...] offset any benefits Bri[...] sumers may gain fr[...] "green" pound system, complains that the CAP *sufficient attention to c[...]* interests.

Expensive

The EEC system [...] advantageously to [...] says the TUC, add[...] "effectively we are mo[...] from being an importer [...] world foodstuffs to [...] *expensive EEC foodstu[...]*

"The way to move [...] common prices within [...] must be, not to incre[...] prices, but to achieve [...] reduction in EEC ins[...] prices."

The document ends [...] gested technical moves [...] the British housewive f[...] higher food price ris[...] proposal *is the* negot[...] long-term agreements [...] plies of commodities [...] more cheaply outside t[...] New Zealand butter, Ar[...] and Australian beef, a[...] American hard wheat.

The TUC also [...] strengthening of Britis[...] ing arrangements m[...] the statutory powers [...] *marketing boards and* [...] them to other commo[...]

More lay-offs like[ly] in Jaguar row

BY ALAN PIKE, LABOUR STAFF

A STRIKE by 21 toolsetters over a colleague they claim is "incompatible" had made 2,200 Jaguar workers in Coventry idle by last night. Further lay-offs among the 6,000-strong workforce are likely to-day.

Main car assembly came to a standstill yesterday in the latest of a series of disputes at Jaguar which has cost Leyland £15m.-worth of production during the *past four months.*

The 21 Transport and General Workers Union toolsetters are demanding the removal to another section of a colleague—a member of the Amalgamated Union of Engineering Workers—who, they allege, increased the speed of his machine shortly before a work study exercise with which the workforce was not co-operating.

According to the strikers, this was one of several incidents involving the man which has led to charges of "incompatibility" with *his* colleagues. *He refuses* to be transferred to an[...] tion and is being sup[...] this by his union.

Leyland is meanw[...] tinuing to recover [...] effects of the Rubery O[...] tenance engineers' str[...] ended on Monday. Th[...] will be recalling 2,00[...] to-day but 5,000 remain

Dismissal

The Amalgamated [...] Engineering Workers [...] mingham district com[...] meeting last night to c[...] dismissal of Mr. Bob [...] convener at the Castle [...] body plant, after an in[...] into allegations of "[...] in recruitment and r[...] procedures."

Mr. Knight has been [...] accepting bribes to g[...] jobs at the plant. He s[...] day that he was not [...] by Leyland's decision [...] tained his innocence.

Post Office staff begin working flexible hour[s]

BY DAVID CHURCHILL, LABOUR STAFF

ABOUT 15,000 Civil Servants in the Post Office yesterday began operating a flexible working hours scheme without the approval of management.

The decision to adopt unilaterally the flexible system whereby staff choose their starting and finishing times each day so long as they are available during a central "core" time, came after the breakdown of talks held over the past two years with the Post Office to implement the scheme.

The Civil and Public Services Association, whose members in the Post Office started working flexitime yesterday, said last night that the Post Office had refused to speed up the general adoption of th secheme despite successful trials in 11 branches and its widespread adoption in the rest of the Civil Service.

Following the failure of the Post Office to respond to a union ultimatum for the scheme to start at the beginning of this week, the decision to "go it alone" was taken.

The 15,000 Civil Servants who are now operating the scheme—about half the CPSA's total membership in the Post Office—mainly work in adm[...] posts in the regional [...] offices and computer c[...]

Their action has be[...] up by the Society of [...] Public Servants, whose [...] in the P.O. usually [...] the CPSA grades, but [...] Society of Post Office E[...] which represents highe[...] ment.

Although the Post [...] night would only say [...] still negotiating with [...] about the introductio[...] time, CPSA claimed [...] management had wa[...] that any accidents in [...] work out of normal [...] *would not be liable fo[...]* sation.

The CPSA's membe[...] ing the scheme are [...] their own hours of w[...] selves, although if the [...] eventually agrees to [...] scheme it is expected [...] mechanical time reco[...] tem. Civil Service tria[...] departments have [...] mechanical systems [...] cheaper than manual [...] the long run.

Striking Midlands newsmen

A GROUP of journalists among nearly 90 who are on strike over a claim for improved conditions, formed a breakaway committee yesterday to demand a return to work.

The journalists are employed by the East Midland Allied Press group on the Northamptonshire Evening *Telegraph* based at Kettering, the Wellingborough News Echo and the Harborough Mail. They began official strike action on Monday for [...] of fringe benefits to be [...] in their house agreeme[...]

Yesterday *most of the* [...] had been withdrawn a[...] decided to concentrate [...] claims for increased [...] and maternity payment[...]

A statement by the b[...] group said: "We belie[...] deliberate attempt is be[...] to unnecessarily pro[...] strike."

Inflation hits union finances

BY DAVID CHURCHILL, LABOUR STAFF

A TUC survey of union finances has found that although most unions have imposed hefty subscription increases this *year, they* are still worse off than before because of inflation.

The survey, covering about 81 unions representing more than 90 per cent. of the TUC's membership, found that all but six unions had increased subscriptions over the past 18 months. Most subscription increases were in excess of 5p a week, bringing average union dues to between 20p and 25p a week. Union dues now range from 15p a week to £1.62, the survey found.

Because of equal pay and sex discrimination legislation, many women members have had to face larger increases to bring their dues in line with men.

Analysis of the survey, produced for the TUC's employment policy and organisation committee, showed that the level of union dues as a percentage of the basic wage had fallen over the past few years, thus bringing about a cut in unions' real income.

The survey also indicates that curent union dues in Britain are substantially lower than those of European trade unionists, although it does not take account of different earnings and living standards.

The employment committee recently discussed implications of the survey and methods being adopted by unions to [...] income from subscriptio[...] found that a number [...] had attempted to infla[...] subscriptions by linking [...] members' basic wages [...] matically to a wage in[...]

But these method[...] restricted to industrial [...] who could relate dues [...] monly recognised gr[...] negotiate increases for [...] their members at the sa[...]

Unions with a me[...] *spread throughout diff[...]* dustries negotiating pay [...] all times of the year [...] competition with other [...] "may neither be able [...] easily, nor wish to ado[...] methods of inflation-p[...] the survey says.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Electric car venture

CHRYSLER, which is collaborat- ing in the U.K. with Chloride and National Carriers in the development of battery-powered commercial transport, is to be an important link in a new venture just launched in the U.S. to develop a city runabout with double the performance of the cars currently available.

General Electric of the U.S. is lead company in the project, contributing its knowledge of electric drive motors and solid-state controls, while Triad Services of Dearborn will contribute design advice, ESB Inc. of Philadelphia its expertise in battery development and the U.S. Government's Energy Research and Development Association (ERDA) some $265,000 of support to fund a preliminary six-month project.

Chrysler Corporation will help the team to design a vehicle "from the ground up" rather than putting together a prototype from off the shelf components.

The first approach is the one Chloride and its collaborators in the UK have been following.

ERDA has specified a minimum 55 mph top speed with acceleration to 30 mph in 10 seconds. Further parameters are a stop-go range of not less than 75 miles on one charge and a recharging time of 6 hours.

The vehicle should not cost more than $5,000 in 1975 terms if it were put into mass production, have a minimum life of 100,000 miles and an operating cost of no more than 15 cents per mile (1975 dollars).

This is a strictly experimental vehicle, it is stressed and neither Chloride nor the other partners in the project have plans to make or market electric cars at this moment.

But the vehicle will serve as a test bed for new components and technologies, including more advanced battery couples which provide a higher specific charge than current designs of lead-acid batteries.

Further information from the Electronic Power Conditioning and Control Laboratory, GE (USA) Research and Development Centre, Schenectady, New York, U.S.

Fleet data shows fault trends

MILLS ASSOCIATES has developed a computerised costing service for vehicle fleet operators, available through any of the group's regional bureaux—now totalling nine.

For operators of fleets of 30 or more vehicles, the service does away with problems of maintaining by hand and monitoring records of this many units.

Two of the first users of the new system are the London Borough of Croydon with 500 vehicles, and the Aberthaw and Bristol Portland Cement Company, with 85 vehicles. Croydon has 150 of the fleet on the system.

Regular inputs of vehicle repair and other records are analysed and the fleet operator receives a monthly "vehicle cost summary" which gives a single line of data relating to each vehicle in the fleet. In the event of a particular vehicle exceeding some pre-determined parameter—mileage per gallon, maintenance costs, or suffering a breakdown—a detailed computer printout is produced for it.

This document covers some 99 mechanical items including exhaust, battery, tyres, etc.

The selective nature of this data means that the fleet operator can identify trends quickly in order to take remedial action. On the other hand he is not inundated with routine information if his fleet is operating within limits.

As well as enabling the history of each vehicle to be followed, and weaknesses of particular vehicles or makes to be identified, the data produced is invaluable when new vehicles are being considered for purchase. This is particularly relevant when the vehicles concerned are inherently complex and expensive to repair—as are many specialised local authority vehicles such as gulley emptiers.

Unlike traditional fleet costing techniques, primarily designed to suit accounting needs, this new system provides detailed mechanical information which is of real value to fleet and workshop management.

In general, costs fall between 50p and £1 per vehicle per month, depending on the detailed requirements of a particular contract.

More from Mills Associates, Wonastow Road, Monmouth, NP5 4YE, 0600 2131.

● SAFETY

Safer glove is more comfortable

LOSS OF many thousands of working hours in the U.K. is caused by hand injuries when operators of machinery, or manual workers, reject the safety gloves provided.

A new safety glove has been designed to combine comfort (or wearer acceptance) with flexibility and close fit to allow the user to retain his sense of touch while wearing the gloves. The glove is also covered with a honeycomb web of polyvinyl to give maximum security of grip.

It has been found that accidents most often occur because a glove is not accepted if clumsy or uncomfortable to wear. Even if it is worn, frequently at a critical time it is removed to allow the user to perform a task where security of grip or sense of touch is vital.

The design of this new glove has shown acceptance to such an extent that these types of accidents can be drastically reduced.

Made to allow the skin to breathe it cuts down the likelihood of dermatitis which can be a problem when work gloves are worn.

It can be machine-washed without causing any deterioration in the qualities of the glove.

Further details, the Anthony Moor Company, 47, King Street, Seagrave, Nr. Loughborough, Leicestershire, LE1 6RP (050981 2907).

● PRINTING

Impressions on fragile surfaces

ALTHOUGH relatively little technical detail has been released concerning it, a process for printing on the most fragile surfaces that cannot withstand crushing by normal printing pressures could be of considerable importance.

Developed under the auspices of the Bertin company, French protagonists of hovercraft and air cushion transporters of various types, the equipment links an internal suction pad with a printing surface so that the film or sheet which is to carry the impression is drawn up against the "negative" very gently, but still with enough force to transfer the image.

Registration is excellent and even if the surface on which the printing is being done is somewhat irregular, image quality is good.

The company says that the equipment can be used to apply instructions concerning fragile goods which have already been packaged.

Bertin and Cie, Boite Postale No. 3, 78370 Plaisir, France.

● METALWORKING

Lathe for small batch work

FITTING THE Allen Bradley computer numerical control (CNC) has enabled Sheldon Machine Inc., Chicago, U.S., to greatly increase the programming flexibility of its 1710 lathe, thus making shorter production runs (5 to 200 off) economical.

The machine just introduced into the U.K. has a 17 in. swing, a turning length between centres of 34 in. (optionally 54 in.), chuck capacities of 8, 10 or 12 in. and a 2 in. diameter short bar feed. The main spindle is hydraulically driven, and provides 27 programmable speeds from 33 to 2,000 rpm, all selectable under load.

The eight-station front turret is intended primarily for external work, such as turning, grooving, screwcutting, and parting off, while the four-station rear turret is for mounting boring tools. Both turrets may be removed from the cross slide or displaced to suit the size of the workpiece.

Twelve tools are offered with the machine, and qualified tooling is used (to 3 thou.) as it is quicker and less expensive than optical presetting.

The two-axis CNC unit (which will be built by Plessey in the U.K. next year) uses a mini computer to perform more quickly the normal functions of a conventional hard-wired NC system, including circular and linear interpolation.

The CRT will display axis position information, tape data, stored program, keyboard input data, tool offset data, machine-dependent messages and control and status messages. Actual spindle speed is on the screen at all times. Bar feed cycles are also displayed by the number of completed components. When this equals the displayed target number the machine stops automatically. There is also an automatic diagnostic check, to identify and locate faults.

Details from W. E. Norton (Machine Tools), West End Road, High Wycombe, Bucks. (0494 26222).

● COMPONENTS

Frequency changes the speed

RATINGS OF 0.75, 1.1 and 1.5 kW are available in a range of frequency-variable AC motor speed controllers announced by Allspeeds of Accrington.

Standard frequency variation is from three to 60 Hz giving a 20 : 1 speed ratio but controllers are also available with outputs up to 200 Hz for use with motors that Allspeed can specify.

Upper and lower speed limits are pre-set to customers' requirements and there is also internal adjustment. Rates of acceleration and deceleration can be set by the user to suit the application but if an upper limit is exceeded an electronic limiter initiates shut-down.

Manual control is by a potentiometer giving 0-100 per cent. speed and a reversing switch functions electronically, avoiding start-stop procedures: the motor is automatically switched off for about 12 seconds to allow rotation to stop before restart in the opposite direction. More from P.O. Box 43, Accrington (0254 35441).

● ELECTRONICS

Prevents battery problems

DESIGNED to prevent over-discharging of electric truck batteries is an electronic voltage monitor introduced by Stoneleigh Electronics of Romford.

Simple to instal, it is connected to a remote indicator lamp on the vehicle's instrument panel. When the terminal battery voltage starts to drop during heavy discharge below a pre-set level, the lamp starts to flash. Time interval between flashes gives an indication of the charge remaining in the battery.

Contained in a rugged plastic case with major dimensions 130 x 75 mm, the unit weighs 120 gms and is available in various voltages from 12 to 80. Current consumption is only 50 mA. More from Mawney Road, Romford, Essex RM7 7SE. (Romford 66418).

● PROCESSING

ICL bid wins in Hong Kong

ALMOST A British showpiece in Australasia is the twin ICL 2790 installation which the Hong Kong Government has decided to buy to run some 40 specialised applications, after a lengthy period of comparison and negotiation.

Both IBM and Univac made a challenge to the sitting tenant ICL has a 1904s and a 1903T on site. It is understood that Univac came closest to the bullseye, albeit with a machine not yet generally announced.

But finally, the main contract has gone to ICL and it will be worth about £5m. in progressive replacements up to 1978 to the U.K. company while the conversion work will cost around £2m.

The first machine should be in and running by July 1977 and the second about six months later. In the meantime, there will be no stay in the work of the Data Processing Division of the Hong Kong Government to extend the support services to government in an area which has experienced explosive industrial and population growth in the past ten years.

DPD is not involved solely in mainframe procurement and operation. It has somewhat more than an advisory function elsewhere in the Colony and it is interesting that the Japanese computer industry has had little more than a token presence in Hong Kong so far, bearing in mind that there are a number of sites in Australia where Japanese companies are bidding very hard.

Implementation of this major project is under the control of an ICL/Hong Kong Government team, with project reviews conducted weekly in the Colony. The next major meeting at which several important decisions will be taken, is to be held in London in February.

Further information from ICL on 01-788 9414.

Accounting as business is done

A NEW foreign exchange accounting and management information System (FEAMIS II) has been developed jointly by Paternoster Computer Services, a wholly owned subsidiary of the Charterhouse Group, and Comshare, an international time-sharing bureau.

The system is available throughout Europe on a time-sharing basis and provides banks' foreign exchange departments with on-site facilities for immediate data entry and deal validation as well as on-site printing of contract confirmations and bankers' payments. In addition management information and operational reports are produced overnight.

FEAMIS II is an extension of the well proven FEAMIS I batch processing system, developed by Paternoster Computer Services for merchant bankers Charterhouse Japhet in 1973. Since the original Charterhouse installation, FEAMIS I has been adopted by a British clearing bank, a U.K. Consortium bank and the British and European branches of two of the largest American banks.

FEAMIS II retains the management information reporting of the original system, while adding the flexibility and ease of operation offered by on-line facilities. It covers the entire foreign currency operation, including foreign exchange, Euro-currency dealing, current accounting and nostro account maintenance and reconciliation.

Ease of implementation (typically within two months) and low costs involved make the service attractive to smaller banks who might otherwise find it difficult to justify the expense of computerising the foreign exchange operation. However, the system is equally applicable to larger banks who may already have their own data processing facility.

The system operates through visual display screens and terminal printers installed on the users' premises and connected to the Comshare network via a telephone line.

Throughout the day transactions are entered through the screens and immediately subjected to a comprehensive validation process by the main computer. Any errors are highlighted on the screen so that they can be corrected immediately. Only when transactions have been accepted as error-free are they released for printing confirmations and bankers' payments on the bank's local terminal printer.

At the end of the trading day the accounts are updated and the day's work analysed by the main computer. A full set of reports reflecting the close-of-business situation is produced overnight ready for use by start of business the following day.

Comshare, 32/34, Great Peter Street, London, S.W.1. 01-222 2652.

● OFFSHORE INDUSTRIES

Growing demand for titanium components

OUTSTANDING corrosion-resistance in the presence of seawater and hydrocarbon gas/oil streams is making titanium one of the preferred structural materials in heat exchanger and other process equipment for offshore applications.

So far this year, sales of titanium products by Imperial Metal Industries for offshore projects amounts to over £400,000, of which £200,000 comes under a large contract with Phillips Petroleum for equipment to be used on production platforms in the Ekofisk field.

The contract specifies seamless titanium tubing and it will go into a new design of rod-baffle concept heat exchanger patented by Phillips, shortly to go into operation in Ekofisk alongside titanium heat exchangers of conventional design.

The Phillips work has been aimed at eliminating tube vibration and providing substantially lower pressure drop, together with better heat exchange characteristics.

Combining these new design concepts with titanium tube gives—apart from outstanding corrosion resistance — high weight savings and more compact units, as well as a smaller power requirement — all vital factors on a platform where space and mass are at a premium.

The new heat exchangers are to be made by Titanium Fabricators of Sheffield which recently concluded a licensing agreement with Phillips covering the latter's rod/baffle design of heat exchanger.

The tubing will come from IMI New Metals Division, Waunarlwydd, near Swansea.

Further details from ICI at Millbank, London SW1P 4QG. 01-834 4444.

Spending on North Sea projects

INVESTMENT in North Sea exploration and production will total more than £5bn. (at end-1975 value) over the next 10 years, according to a new study by Frost and Sullivan.

Spending on platforms alone will reach £4bn.. At £262m. this year, the market will rise to £612m. by 1978, stay above £500m. in each of the following two years and thereafter decline to a £307m. annual average during 1981-85.

The 165-page study, North Sea Oil Markets, points out that the predicted decline is mainly caused by: "increasing concern over the economic viability of North Sea oil development in view of massive cost-inflation and uncertain world oil prices; a shift in drilling activity to the Celtic Sea and north of the 62nd parallel; the Norwegian Government's go-slow on exploration and production; and decreasing likelihood of new major discoveries."

Twenty-five production platforms were in use in the North Sea earlier this year. An additional 20 were on order or under construction for installation by the end of 1977.

"One reason for an increase in orders is the crucial significance of North Sea oil in Britain's economic strategy," the study notes. "Given the short period for which proven reserves will allow maximum production, and the increasingly uneconomic nature of Britain's coal industry in the face of high wages and low productivity, the British Government is highly likely to encourage the rapid development of new reserves," it asserts.

First platforms were all-steel. Two-thirds of orders to be filled over the next four years will be either of all-concrete construction, incorporating oil-storage facilities, or of concrete-steel hybrid design. Orders are likely to breakdown as follows: concrete, 40 per cent.; hybrid, 25 per cent.; steel, 20 per cent.; buoyant, 10 per cent.; subsea, 5 per cent. Although technological innovation is permitting production in deeper waters, "none of the advanced systems is likely to have a significant impact during the late 1970s," the study asserts.

Expenditure on platform components will total £682m. over the next ten years. Increasing from £45m. this year to £105m. in 1978, the market will decline in the following two years and thereafter fall to a £52m. annual average during 1981-85.

Electrical equipment, which accounts for 42 per cent. of platform components, will total £284m. over the decade. Rotating equipment, comprising 29 per cent. of components, will have a market share of £194m. to 1985. The remainder is composed of: fire protection and safety equipment (9 per cent.); wellhead equipment (8 per cent.); valves and fittings (6.5 per cent.); instrumentation and control (3 per cent.); communications and navigation equipment (2.5 per cent.).

The market for platform maintenance will continue to grow in the next decade. From £9m. in 1976, it will increase to £15m. in 1980 and to £20m. in 1985.

The market for exploration rig operating and maintenance supplies is worth £37m. this year, but will drop by £2.5m. yearly to reach £31m. in 1980 and an average of £26m. annually during the 1981-85 period. Rigs in operation over the decade are likely to decline from 42 to 30. Down-hole materials and equipment comprise 80 per cent. of the market which is completed by plant and machinery, electrical equipment, hose, valves and hoisting tackle.

Britain's sector will account for some 50-60 per cent. of the annual market for rig supplies until 1985, the Norwegian for 15-20 per cent. and the Danish, Dutch and German zones combined for 25-30 per cent., the study finds. Of 44 rigs drilling in the North Sea earlier this year, 27 were in the British sector, five in the Norwegian, nine in the Dutch and three elsewhere.

North Sea oil has one big disadvantage, the study warns. It is costly to extract and requires £3,000 in capital investment to produce one barrel a day compared with £100 for the Middle East. Other drawbacks include government intrusion and heavy financing needs. Even so, reserves will be developed because they are 2 per cent. of world potential and will have Norway exporting oil by 1977 and Britain self-sufficient by the 1980s.

More from BAS Industrial Consultants, Mile Ash, Radlett, Herts. Radlett 6376.

● AGRICULTURE

Keeps grain in best condition

FARMERS and merchants should be able more easily to prevent grain storage losses using a crop store controller developed by RDS (Agricultural).

The most important difference between the controller and conventional sensing and control systems is that the ambient temperature is sensed at the same time as the temperature of the grain; a switching system is built in which starts ventilation when the conditions are suitable —whenever the outside air would cool the crop.

Apart from this the controller provides the usual function of automatically starting the ventilation fan if the temperature at any sensor rises above a preset limit.

Similar control functions can be carried out with fans, heating units or both, for other crops such as potatoes or for temperature control in livestock buildings. More from Stroud Road, Nailsworth, Stroud, Glos. (Nailsworth 3787).

PARLIAMENT

Callaghan hits out . . . and has ringside seat

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN hit out yesterday at a Labour Party political broadcast that had been widely criticised by his political opponents for stirring class conflict.

The Prime Minister's sharp knock against his own party's propaganda was delivered only a few minutes after politics had almost given way to punches in the Commons.

An unbilled catchweight contest between Mr. Tom Swain, Labour MP for North East Derbyshire, former miner and prizefighter, and Mr. Norman Tebbit, Tory MP for Chingford and ex-airline pilot.

Mr. Swain, shuffling impatiently in his corner, was complaining to the Speaker that he had not been called into the proceedings though he had been on his feet at least ten times.

Mr. Tebbit jabbed at him with a muttered remark—and Mr. Swain countered furiously. "Don't tell me I'm drunk. If you say that outside, I'll punch your bloody head in," he declared.

Swapping verbal blows, Mr. Swain and Mr. Tebbit headed for the door. Mr. Tebbit smiled. Mr. Swain grabbed his lapels and threatened a right hook, and Mr. Tebbit stopped smiling.

There were shouts of protest or encouragement—and the two men were quickly separated.

Mr. Tebbit—described last week by Mr. Michael Foot as "the most studiously offensive member in the House"—apologised. And peace was restored.

But the encounter, watched by Mr. Callaghan from a ringside seat, emphasised Mr. David Steel's criticisms that Labour's political broadcast had stirred class conflict, envy and greed.

It had shown the privileged rise of a cartoon figure—"the Hon. Algernon." Born with a silver spoon in his mouth, Algy had climbed through life over the backs of the workers until he reached the Lords to vote against their legislation.

The Prime Minister said that he had not seen the broadcast itself but "had not been over-impressed" by the script. The country's problems would only be solved by a united effort, Mr. Callaghan asserted.

But too much conflict had been stirred yesterday for any sort of unity to flourish.

Mr. Callaghan, sternly rejecting any soft economic options, found himself having to fend off the Socialist options being pressed on him severely from the Left wing.

And the Tories taunted him with the infiltration of extremists into the Labour Party until even the Prime Minister was forced to abandon his political pacificism. "I am horrified by the degree of hard-faced extremists infiltrating the Tory front bench," he said.

I was misheard, says Tebbit

Outside the House, Mr. Tebbit claimed that Mr. Swain had misheard him. "If I had said what Tom Swain thought I had said, then he would have had every right to thump me on the nose."

Mr. Tebbit, however, declined to say what words were in dispute.

Mr. Swain was in doubt. "I did not mishear him," he said angrily. "He said 'He is drunk.' I only mishear my wife when she wants any money from me.

"Anyway, I know well I am not drunk. No one has offered me a drink yet."

Mr. Swain added: "He says in a very nice way some very nasty things. Anyway, he has now written me a note of apology. At the time, I was prepared to take him outside."

VAT rate uniformity pressure expected

By Justin Long, Parliamentary Correspondent

THE GOVERNMENT expects to come under growing pressure from the Community for harmonisation of the VAT rates. This expectation is strengthened by the step to be taken by the EEC in January, 1978, for the harmonisation of the way VAT is administered by member countries Government spokesman, Lord McCluskey, suggested in the Lords last night.

Harmonisation of the rates of VAT might seem a long way off, he told peers during a debate on the ta. But once the directive on the administration of the tax had bee put in final form, the next stage would tend to produce the pressure for uniformity in the rates.

But it would be a pressure that all member countries would feel, said Lord McCluskey, Solicitor General for Scotland.

Viscount Amory, a member of the Select Committee which examined the EEC report on VAT administration, maintained that if due flexibility continued, then a reasonable degree of harmonisation in assessment and administration should be obtained without major changes in the U.K. system.

Opening the debate on the draft directive on the arrangements to come into force in January, Lord Amory said the aim was to establish a common system not only of assessment and administration, but also of collection and the common basis of calculation.

Meanwhile, the rates of VAT and the rate structure would continue to be fixed by Governments of member States.

Whether one day the harmonisation of rates would be sought depended on progress towards monetary and fiscal union. But in Lord Amory's view, that question was still far in the future. Eventual harmonisation of rates would have to be reconcilable with the permanent aims of the Community, he contended.

From the Opposition front bench, Baroness Elles welcomed the report, but expressed concern lest the concept of zero rating should be disregarded.

Zero rating was a valuable economic and social weapon, particularly in times of inflation. It should not be eliminated except by a unanimous decision of the Council.

Lord Grantchester, in a maiden speech, contended that VAT was not working as efficiently as it should, and he believed that pressure would be brought to bear on Britain to raise its VAT rates.

"The Community and the Commission are looking at the administration of the tax from the Community point of view and are therefore concerned to see there is no unfair trading within the Community," said Lord Grantchester, who is president of the VAT Tribunal in the U.K.

"As within the U.K., one does not want a trader in one particular part of the country to obtain a trading advantage because of the differences in tax with other parts of the country, so the Community did not want unfair trading conditions arising from different rates of tax."

Lord Grantchester also considered that the U.K. would come under increasing pressure from t ehCommission for harmonisation of our VAT structure with that of other member countries.

Lord McCluskey, replying to the debate, gave an assurance that zero rating would be retained in the U.K. He assured peers that the directive they were discussing would not impose any significant constraint on this country's budgetary freedom.

'Container cats' treated as rabies risk

TWO CATS found alive recently in a sealed refrigerated container losry were dealt with as potential rabies risks, Government spokesman Lord Strabolgi said in the Lords yesterday.

Expert assessment indicated that they were almost certainly native animals which had entered the container after its arrival in this country.

Lord Strabolgi was replying to questions about the rabies risk from animals accidentally trapped in container lorries from the Continent.

He said that the temperature had been minus 18 degrees Centigrade and the container had been sealed for 14 days. Expert opinion was that a cat could survive no more than 48 hours at that temperature.

The Ministry of Agriculture was issuing further instructions to remind all container depots of security precautions and reporting procedures for anti-rabies purposes, he added.

Lord Leatherland (Lab.) asked how officials discovered that the cats were English. To laughter, he asked whether officials had said: "Come here, pussy," or had the cats been addressed in German, French and other Continental languages?

£95-a-week earners face NI increase

FINANCIAL TIMES REPORTER

EMPLOYEES EARNING £95 or more a week will have to pay bigger National Insurance contributions from April 6 next year, Mr. David Ennals, Secretary for Social Services, announced in a written answer in the Commons yesterday.

Under a draft Order laid before Parliament, which has to be approved by both Houses, the ceiling for Class I contributions will be lifted from £95 to £105 a week, and this will mean a maximum increase of 55p a week.

There will also be corresponding increases for employers.

Mr. Ennals is seeking to impose the increases after fulfilling the requirement imposed on him by the Social Security Act, 1975, to review each year the general level of earnings in Great Britain and to consider what changes in National Insurance contributions need to be made in the light of movements in earnings and other relevant factors.

He explained that the flat rate contribution for the self employed (Class 2) will be increased from £2.41 to £2.66 a week. There will also be an adjustment in the range of net profits on which the 8 per cent. (Class 4) contribution is levied. The present annual limits of £1,600 to £4,900 will change to £1,750 up to £5,500.

The voluntary contribution (Class 3) will rise from £2.10 to £2.45 a week.

Mr. Ennals made it clear that no increase is proposed in the rates of contributions payable under the Social Security Act by employees and employers. As a result, employees who earn less than £95 a week and their employers will pay no greater contributions under the order.

The new upper earnings limit of £105 a week for Class I contribution is around seven times the basic pension rate and is in conformity with the requirements of the new State pension scheme which is to start in April 1978.

"In consequence," stated Mr. Ennals, "those requirements will be satisfied without any further upward adjustment in 1978, apart from whatever may be needed to take account of next year's annual increase in pension."

He also pointed out that the Government actuary's estimates of income and outgo for the national insurance fund, based on given assumptions about unemployment and earnings, showed a substantial surplus. This favourable balance would be of advantage in view of the economic uncertainties and in moving towards the higher contribtuions needed from April 1978.

Mr. Ennals claimed that the new arrangements for the self-employed showed the Government's continuing desire to be fair both to the senf-employed as a whole and between those with different levels of profits.

Written Answers

INDUSTRY

Mr. Hal Miller (Con., Bromsgrove and Redditch): How many shipbuilding firms are likely to fail; and how many opportunities the aircraft industry will miss as a result of the Government's intention not to nationalise these industries?

Mr. Gerald Kaufman, Minister of State: The Government is entirely determined that the aircraft and shipbuilding industries should come into public ownership.

*

Mr. Robert Woof (Lab., Blaydon): Could the Secretary of State estimate what effect the establishment of the National Enterprise Board will have on unemployment in the North East Region?

Mr. Alan Williams, Minister of State: The NEB is particularly concerned to establish undertakings with long-term growth potential in areas of high unemployment. The NEB's Newcastle office is hard at work in identifying suitable opportunities which will supplement the jobs that NEB companies already provide in the region.

*

Mr. Robert Woof. How many companies in the North East Region qualified for removal grants since 1974 to the latest available date?

Mr. Alan Williams. Between January 1, 1974, and October 31, 1976, offers of removal grants totalling £2,692,000 were made under Section 7 of the Industry Act, 1972, in respect of 66 projects moving to the Northern Region from outside the Assisted Areas.

PRICES

Mr. Terry Walker (Lab., Kingswood). How many people are being employed on the home accidents study being run by the Consumer Safety Unit? What will be the cost of the scheme as a whole?

Mr. John Fraser, Minister of State. When the accident surveillance system is in full operation it will employ one member of my Department's Consumer Safety Unit, the equivalent of 21 full-time clerical staff based at hospitals and approximately seven part-time regional supervisory staff. The cost is estimated at £90,000 per annum.

ENERGY

Mr. Dennis Skinner (Lab. Bolsover). What is the retirement age for miners in all the EEC countries?

Mr. T. H. H. Skeet (Con. Bedford). What are the ages of retirement and conditions attaching to eligibility for miners in these countries in the European community producing coal, Spain and the U.S.?

Mr. A. Wedgwood Benn, Secretary of State. I understand that in the Federal Republic of Germany miners normally retire at 60, and they earn a full pension if they have paid contributions continuously for 25 years. For every year worked underground after the fifth, they receive an increment to their pensions. In France miners can retire at 55 after 30 years' service, or at 50 if 20 of the 30 years has been spent underground. In Belgium surface workers can retire at 60 and underground workers at 55, or at any age (on normal pension) provided they have worked underground for 25 years. Details of the arrangements in Spain and the U.S. are not available.

TRADE

Mr. Ivan Lawrence (Con. Burton). What are the names of the British ships recently found to have unhygienic kitchens?

Mr. Clinton Davis, Under-Secretary. I assume that the question refers to recent Press reports regarding a survey carried out by the Environmental Health Officers' Association in 1974 and 1975 of standards of food hygiene on a number of British and foreign ships. The report on this survey is not yet complete but my Department has asked to see a copy when it is ready; I cannot therefore name ships.

U.K. shipowners are concerned to observe high standards of hygiene and the yare, in fact, co-operating with the Department of Health and Social Security and my Department in the preparation of a Code of Practice on the Hygiene of Food and Drinking Water Supplies on Passenger Ships. Standards for the accommodation, food and water provided for the crews of all U.K. foreign-going ships are laid down in regulations made by my Department.

*

Mr. Robert McCrindle (Con. Brentwood and Ongar). Will the Secretary of State introduce legislation requiring airlines to carry full particulars of passengers including destination address so as to trace those in contact with serious infectious diseases?

Mr. Clinton Davis, I have no plans for legislation to require airlines to record details of passengers. To be effective such proposals would need to command wide international support, which is not forthcoming at the present time.

Mr. Robert Woof (Lab. Blaydon). What was the value of imports into the U.K. from members countries of the EEC of oil and petroleum products during 1974 and 1975 to the latest available date? What proportion these imports formed of Great Britain's total trade deficit with these countries in each year?

Mr. Michael Meacher, Under-Secretary. In 1974 and 1975 the values of these imports consigned from the EEC were £683m. and £766m. respectively, 31 per cent. and 32 per cent. of the U.K.'s total crude trade deficit with the EEC in each year.

TREASURY

Mr. Douglas Crawford (Scot. Nat. Perth and East Perthshire). What the the current top rates of taxation, expressed in percentage terms, of the nine EEC countries, Austria, Norway, and Sweden?

Mr. Robert Sheldon, Financial Secretary. I understand that current top rates of personal income tax are as follows:

	Employment income (per cent.)	Investment income (per cent.)
Austria	62	62
Belgium	72 (75.6)	72 (75.6)
Denmark	39.6 (63.3)	39.6 (63.3)
France	[illegible]	60
Germany	56	56
Ireland	77	77
Italy	72	72 (76)
Luxembourg	57	57
Netherlands	72	72
Norway	48 (71)	48 (71)
Sweden	57 (82)	57 (82)
United Kingdom	83	98

The figures in brackets include: Belgium, the normal rate of local income tax; Denmark, communal income tax for Copenhagen; Italy, the normal rate of local income tax and takes into account its deductability fr national income tax; Norway, the normal rate of local income tax; and Sweden, the average rate of local income tax.

Rates for France exclude the temporary surcharge on 1975 income imposed in October 1976 to provide relief for farmers stricken by drought. If this surcharge were included the top rate for employment income would be 58.3 per cent. and the top rate for investment income would be 64.8 per cent.

Barrage of protest by Tories over shipbuilding guillotine

BY JOHN HUNT

CONSERVATIVE backbenchers launched a barrage of protest yesterday at the Government's decision to guillotine all the remaining Commons stages of the Aircraft and Shipbuilding Industries Bill so that it can be sent to the House of Lords as soon as possible.

Leading the Tory attack, Mr. Nicholas Ridley (Cirencester and Tewkesbury), a prominent Right-winger, claimed that Mr. James Callaghan, the Prime Minister, had lost the confidence of the British people and no longer had a mandate to govern.

He was backed up by colleagues Mr. Ian Gow (Eastbourne) and Mr Nicholas Fairbairn (Kinross and West Perthshire) and also received support from the Liberals and the Ulster Unionists.

But despite threats of a vote against it, the timetable motion was allowed to go hrough without a division. This meant that all debate on the committee stage and third reading had to be wound up by midnight.

The Bill, which nationalises the aircraft, shipbuilding and ship repairing industries, failed last session when it was resisted by the House of Lords. It has now been reintroduced under the Parliament Act.

Mr. Ridley said that Mr. Enoch Powell (UUU, South Down) had saved the Government from defeat the previous night on the National Insurance Surcharge Bill. But the Government could not rely on Mr. Powell's vote on the shipbuilding Bill.

He claimed that the Prime Minister had no authority left in the country and had no confidence in his own policy. Mr. Callaghan was, he said, a "clinger who thought that the longer he held on, the more likely it was that the problems would go away."

When Mr. Callaghan, who had been sitting on the front bench, walked out of the chamber, Mr. Ridley turned his guns on Mr. Michael Foot, Leader of the House. He said it was a sorry state of affairs when Mr. Foot was continually trying to curtail the expression of opinion by the use of the guillotine.

The Leader of the House should realise that the will of the people would prevail despite his attempts to prevent debate, he declared.

Mr. Gow saw the Government's tactics as another sign of the arrogance of the Executive. It was time the House asserted its supremacy over an increasingly dictatorial Government.

Mr. Fairbairn found the motion very disturbing and said it was a question of whether the House remained an instrument of democracy or became the tool of authoritarianism.

He maintained that Mr. Foot was only intent on getting his "Reichstag vote" to force the Bill through. Discussion seemed to be completely irrelevant as far as Mr. Foot was concerned. He appeared to be intent on destroying the democratic process, the Tory MP claimed.

From the Labour benches, Mr. Ernest Fernyhough (Jarrow) rejected the Conservative criticisms and said that no other Bill had had so many days devoted to it in the last session. He accused the Tories of "humbug, nonsense and hypocrisy."

Another Labour MP, Mr. Jeff Rooker (Perry Barr), claimed that the time was adequate. He alleged that the "wining and dining" on behalf of the shiprepairers was having its effect on both Houses of Parliament. Pressure was being brought by outside forces.

A warning came from Mr. Jo Grimond (L. Orkney and Shetland) that there was a growing danger of measures being forced through simply because they were part of the election manifesto of the party in power.

The Bill was not essential in the present economic state of the country. The Commons was not being given the chance to reconsider it properly and this made absolutely futile the whole process of referring Bills to a second chamber.

"We are making a mockery of the revising chamber in the way we are treating their decisions," Mr. Grimond declared.

The guillotine motion also came under attack from Mr. William Craig (UUU Belfast E.), who said there was a case for using a timetable motion in some instances but it had to be a very special case. He accused the Government of "riding roughshod over the whole Parliamentary process."

Mr. Nicholas Ridley

Mr. Nicholas Fairbairn

Mr. Ian Gow

Ministers blamed for delay

Moving the first group of proposals on ship-repairing Mr. Robin Maxwell-Hyslop (C., Tiverton) argued that shipbuilders and shiprepairers were quiet distinct industries despite the Government's claim that they could not be separated.

One of the changes he wished to make would enable shipbuilding companies with shiprepairing interests to hive off any which could stand on their own feet, so they would not be nationalised if the rest of the Bill passed into law.

The amendments removing shiprepairing would not wreck the rest of the Bill nor would they block the working of the Parliament Act on the rest of the Bill.

Mr. Maxwell-Hyslop warned that if the Government's intransigence forced the Bill to go through the full "hybridity" procedure in the Lords, it might well be November or December next year before it received Royal Assent.

Accusing the Government of being responsible for the major delays in the passage of the Bill, and of wishing to make certain firms uncreditworthy in the hope that they would collapse, he declared: "With quite unprecedented cynicism, they are delaying their own legislation."

Mr. Kenneth Warren (C., Hastings) accused the Government of turning away from workers in their hour of need and being greedy in wanting to grab all three industries. The people who would really suffer were not just the investors, but the workers and their families.

IMF terms should be rejected—Allaun

THE IMF should be told that the British working people cannot tolerate further cuts in housing, health, education and social services, Mr. Frank Allaun (Lab., Salford E.) said in the Commons yesterday.

He argued that the Chancellor (Mr. Healey) should reject the IMF terms and instead withdraw the British Army from the Rhine, saving £800m. a year, he said.

The IMF should be told that British working people could not tolerate further cuts which would further add to unemployment and increase the deficit in public spending.

Mr. Callaghan said that the results of the discussions would be placed before the House in due course.

Mrs. Margaret Thatcher, Opposition leader, said that after six months of Labour Government in October, 1974, the Chancellor had said the rate of inflation was 8.4 per cent. On the same basis, it was now 19.7 per cent.

The Prime Minister should "change the Chancellor or the strategy," she declared.

Borstal costs

IT COST about £3,570 to keep a trainee in a male Borstal in 1974-75, latest date for such information, Mr. Brynmor John, Home Office Minister of State, said in a Commons written reply yesterday.

The cost of keeping a woman prisoner in all categories of penal establishment, was £3,850, he added.

هكذا من الأصل

هكذا من الاصل

FINANCIAL TIMES SURVEY
Wednesday, December 8, 1976

DENMARK

BASIC STATISTICS	
Area	16,359 sq. miles
Population (1975)	5.1m.
GNP (1975)	Kr.227bn.
Per capita (1975)	Kr.44,910
Trade (1975)	
Imports	Kr.59.7bn.
Exports	Kr.50.0bn.
Imports from U.K.	£443m.
Exports to U.K.	£623m.
Currency: krone	£1=Kr.9.69

Danes have seen their politicians this year lurching between crisis and compromise and the country's leaders appear confused, insecure and indecisive. The country is also frustrated and irritated with current trends in the EEC.

Splits ead o urmoil

By William Dullforce
Nordic Correspondent

DENMARK governable or is the democratic process become so entangled that no effective decisions reflecting the will of the majority can be made? More and more Danes have been asking these questions this year, as they have watched their politicians haggle their way from crisis to compromise. In the broader perspective the battle over the welfare state, posed when the 1973 General Election shattered the Folketing (parliament) into parties, has moved no nearer solution in 1976.

Crisis in the economy has been averted mostly at the cost growing dependence on West Germany, which "carries" the Danish krone within the European snake. At the same time the Danes have become increasingly irritated at the lack of action within the European Community, so much so that they have even threatened with some support from the Irish to revolt over the Common Agricultural Policy.

Throughout this year Mr. Anker Joergensen's minority Social Democrat Government has had to bargain for a majority, piecing together a different combination of parties for almost every act of legislation. In August it made its most determined effort to stabilise the economy by compromising on an incomes policy with the Christian People's Party, the Centre Democrats, the Radicals and the Conservatives.

The August compromise put a 6 per cent. annual limit on wage increases for two years from March. 1977. It set off "wage-hoarding" demands from unions and occupational groups anxious to wipe out differentials or better their starting position before March, culminating in the strike by private petrol lorry drivers in November which brought the country to the brink of a new election.

The compromise, moreover, silhouetted the main dividing lines in present-day Danish politics. It was unacceptable to the Trade Union Federation (LO) which publicly opposed it, thereby underlining the split between the unions and their traditional partner, the Social Democrat party. It excluded Venstre, the Liberal party, which is the second largest group in the Folketing and in the eyes of many Danes the natural partner to form a centre coalition with the Social Democrats.

Understandably, the Social Democrat leaders are at present harrassed and insecure. Sensing that the majority of Danes want a centre government which will both eschew radical left-wing policies and halt the growth of welfare state bureaucracy, Mr. Joergensen has sought to build a majority towards the right. This has estranged him from the union leaders at the same time as he has met with no help from Mr. Poul Hartling, the Liberal leader and his predecessor as Prime Minister.

Alternative

Mr. Hartling, a Christian and a man of firm principle, believes that collective socialism is incompatible with Christianity and that his job is to provide a credible Liberal alternative. Consistency of policy is more important to him than the tactical compromises which would accommodate Mr. Joergensen and open the way for a coalition with an effective majority in the Folketing. This is a long term view but the recent poll ratings of his party suggest that fewer Danes are willing to go along with Mr. Hartling than at the time of the 1975 election, when he increased the Liberals' strength from 22 to 42 in the 179-member Folketing compared with 53 Social Democrats.

Exacerbating the Danish political dilemma is the phenomenon of Mr. Mogens Glistrup and his Progressive party. First voted into office on an anti-tax platform in 1973, Mr. Glistrup was promptly outlawed by the other parties in the Folketing but has since exercised a pervasive effect on their policies.

At first it seemed improbable that he would survive for more than one mandate but, although he has for the last two years been defending himself in a civil court against tax evasion charges, Mr. Glistrup and his party returned triumphantly to the Folketing as the third strongest group in 1975 and in recent opinion polls have even overtaken Mr. Hartling's Liberals.

It is now evident that Mr. Glistrup has crystallised much of the discontent among Danes against the dirigisme and bureaucracy of the social system established in decades of rule by the Social Democrats. He represents more than a protest against high taxation. He has focused attention on the plethora of legislation passed by the Folketing, much of which has undoubtedly helped to improve Danes' living standards and social security but at the cost of elaborate and confusing controls.

He has also become a channel for protest against ideologically motivated changes in school curricula and teaching methods, which—put crudely—follow the theory that the purpose of schools is not to produce competitive-minded individuals but to train children to co-operate in a collectively organised society.

Coalition

Mr. Hartling refuses, again on principle, to have anything to do with Mr. Glistrup, thus precluding any chance of creating a majority coalition of non-socialist parties. But there is not much doubt that Mr. Hartling's faith in the value of a consistent, anti-socialist line has been strengthened by his assessment of the forces behind Mr. Glistrup.

The Social Democrats, both in the party and in the unions, have failed to understand the Glistrup phenomenon. Only recently, for instance, have the unions become aware of the fact that many of their members are voting Progressive. The LO is at last planning an information campaign to counter Mr. Glistrup's arguments.

But the Social Democrats' growing awareness of the effect of Mr. Glistrup only intensifies their dilemma. If they accept that he reflects the mood of the country, the party must logically take measures which will bring it into conflict with the unions. During the crisis sparked off last month by the petrol lorry drivers' strike Mr. Joergensen retreated only at the last minute and after strong LO pressure from agreeing to legislation with the non-socialists that would have made it possible for civil courts to fine illegal strikers and people infringing the wage limits.

On the other hand the Social Democrats are sensitive to the increasing activity within the unions of the Communists and other left-wing groups and to the dissatisfaction among their own party left-wingers at the compromises the Government is being forced to make and at its lack of ideological commitment. The programme for industrial democracy, which the Social Democrats were planning to launch with eclat at the beginning of the year, has been quietly veiled.

There is little wonder if the Social Democrat leaders at present appear to be confused, insecure and indecisive. The splintered state of the Folketing explains much but the truth is that the Social Democrat party has yet to make that fundamental re-assessment of its purposes for which a majority of Danes now seem to be calling.

In the short term it is difficult to forecast events. A new general election would solve nothing: the same pattern would emerge within the Folketing with Mr. Glistrup's Progressives and the Communists the most likely to make gains. Mr. Joergensen will probably soldier on into the new year in the hope of obtaining an incomes policy agreement with some remnants of credibility, but without help from Mr. Hartling it is difficult to see him surviving another year. His strongest card is the other parties' distaste for a new election.

The turmoil in domestic Danish politics has so far had only a minor effect on foreign relations, chiefly because there is general agreement among the centre parties on the principles on which foreign policy is based. One issue, however, in which the Folketing divisions could have serious consequences for Denmark's relations with its allies concerns defence.

The Danish defence budget relies on a four-party agreement which is due for renewal in April next year. Despite prolonged talks and at one time reports that they would make a six-year agreement, providing for minor cuts in expenditure in the first three years which would be replaced in the second three, the parties have not yet come to terms.

One reason is a revival of pacifist or anti-military sentiment among the Radicals, who are about to change leader. The Social Democrats also seem to be unusually hesitant, partly on the grounds that it is not easy to maintain the level in defence expenditure at a time when other public spending is being curtailed, partly because of arguments in favour of a cheaper form of defence from their left-wing.

Agreement

The odds are that agreement will be reached before April. The Social Democrat leaders are aware of the effect defence cuts would have within NATO and on the credibility of Danish foreign policy.

Another incentive is Danish concern about Warsaw Pact countries' military manoeuvres in the Baltic. In recent months the Russians, Poles and East Germans have been carrying out combined operations in areas much closer to Danish territory than previously. There has been greater air activity with Soviet aircraft turning back at the very edge of Danish air space. Electronic surveillance by Warsaw Pact ships just outside Danish territorial waters has been stepped up and East German and Polish landing craft have been exercising in the Kattegat and Skagerak, the entrance to the Baltic.

The last poll to test opinion on Denmark's membership of the European Community indicated that just over half the Danes had a negative attitude. The Government does not appear to be perturbed by this shift in opinion and the official line is that Denmark would have been far worse off outside the EEC during the current recession.

Nevertheless there is some frustration and irritation within the Government at the EEC's present inertia. The Danes have always discountenanced grandiose schemes for political union but have worked for small, pragmatic changes in existing procedures and institutions to improve performance and efficiency.

At present their discontent is focused on the Common Agricultural Policy (CAP) which has brought benefits to Danish farmers but which the Government feels is overburdening the Community budget and preventing the EEC from undertaking new worthwhile ventures. It wants the Community to run down and eventually abolish the present system of Monetary Compensation Amounts (MCAs) which, it argues, unduly favour West Germany and Britain.

German farmers, in particular, it is claimed, are being unnecessarily subsidised and thereby able to raise production and take away Danish markets. The Danes instance German exports of butter to Britain, a traditional Danish market for dairy products. German exports increased from 1,600 tons in 1971 to 56,000 tons last year while Danish butter exports to Britain rose by only 12,500 tons over the same period to 83,000 tons.

Changes

Now the Danes are threatening to veto the tabled changes to the VAT system and the EEC unit of account unless the Community agrees to the abolition of the MCAs. They have the support of the Irish but so far appear to be far from their goal, although they believe they have won greater understanding for their position among the Dutch and Belgians and at the latest Heads of Government meeting even gained backing from President Giscard d'Estaing.

The Danes came under fire from their EEC partners in November when they voted in the United Nations together with their Nordic neighbours in favour of a resolution condemning foreign investments in South Africa. The vote underlined the continuing division in Danish loyalties and may not have helped to win backing for their argument on the CAP.

Strains on the economy

OVER THE past 20 years or so Denmark has risen from being one of the dozen richest nations in the world to being one of the three or four richest, measured by per capita income. Denmark now ranges along with Sweden, Norway and Switzerland (forgetting for the moment the oil sheikdoms) as the world's wealthiest nations. This impressive performance was inspired by an investment boom which began in the late 1950s, and it was sustained by a radical reorganisation of the agricultural sector, which shed labour rapidly and enabled the manufacturing and construction sectors to expand. The boom conditions of the 1960s were also sustained by a rapid increase in public sector investment and consumption, and taken together the economic and industrial development of the country during this period has not only provided Denmark with high living standards but with a modern and efficient industrial base.

Looked at in perspective, Denmark has been an economic success story, but the success had a couple of blemishes, inflation and a growing current balance of payments problem, and between them these two factors have to-day landed the country in a somewhat problematic situation.

The current balance of payments deficit was allowed to develop in the early 1960s and was financed with long term foreign loans to industry. The deficit was the mechanism by which the switch from the earlier agricultural economy to to-day's manufacturing economy was achieved. But it proved difficult later on to reduce the external deficit again. It has averaged 1.9 per cent. a year since 1960 and this year shot up to about four per cent. of Gross Domestic Product.

The high level of domestic demand sustained throughout the 1960s also encouraged an inflationary development which was not in line with developments in Denmark's major trading partners. Denmark topped the OECD's price increase league throughout the 1960s, and gradually Danish wage levels rose to very high levels. Only Sweden and Norway to-day have a higher level of hourly wage costs in manufacturing than Denmark.

The problems which the accumulated foreign debt and high costs level potentially posed came to a head when oil prices were increased in 1973. Denmark is one of the countries most exposed to the ravages of the oil crisis, importing virtually all its energy, and nearly all of it in the form of oil.

The 1973 oil price increase put a large extra strain on the current balance of payments, a strain which it could only with difficulty absorb. In 1974, therefore, the Government was forced to implement tough contractionary measures to prevent the current balance of payments deficit from getting out of hand. These measures were successful in bringing down the external deficit as well as in reducing the rate of inflation, which by mid-1974 was running at over 16 per cent. a year.

But the recession also hit output and employment, and last year the Social Democratic Government decided that the external deficit had improved so much that it could afford to restimulate the economy. The chief measure was a reduction in value added tax for five months last winter. The consequences were unexpected. The reduction in VAT set off a sustained spending boom, and in 1976 private consumption in real terms has risen by 6 per cent.—making this year one of the best years ever for the consumer.

The massive increase in demand, however, was met largely out of imports, with commodity imports in the first nine months of the year rising by 24 per cent. by volume and 30 per cent. by value. As exports rose by only about 4 per cent. by volume and 12 per cent. by value, there was a drastic deterioration once again in the trade balance and the current balance of payments deficit.

In August the Social Democratic Government and four parties supporting it agreed on counter measures, including a new squeeze on demand and an incomes policy for 1977 and 1978. The fiscal measures, which involved increases in indirect taxes and cuts in Government spending, will cause a big slow-down in 1977. After a 5 per cent. increase in the Gross National Product this year, the growth rate is expected to be down to about 1 per cent. in 1977, with private consumption also only increasing by about 1 per cent.

But if the August incomes policy measures are successful and not undermined by developments on the labour market, the prospects of bringing the economy on to an even keel again look reasonably good. This emerges from a report published last week by the chairmen of the Economic Advisory Council, Denmark's three wise men. The incomes *policy adopted by the Government* and its supporting parties is intended to prevent incomes from rising by more than 6 per cent. a year in the next two years. Its success depends on the attitude of the unions, who are in the process of negotiating new collective wage agreements, due to take effect from next March. The 6 per cent. framework gives them only 2 per cent. to discuss for general wage increases, as the other 4 per cent. will be accounted for by automatic cost of living index-linked wage increases.

The chairmen of the Economic Advisory Council do not have anything cheerful to say about 1977, which will be a year of negligible growth and increasing unemployment, but in looking further ahead they forecast a reduction of the rate of inflation from about 8½ per cent. at the moment to about 3 per cent. by 1979. At the same time the current balance of payments deficit is forecast to gradually come down from its present Kr.10bn. to only around Kr.3bn. by 1979-80.

Although this scenario involves an average GNP growth rate of 4 per cent. a year for 1978 to 1980, unemployment would remain relatively high, going up from this year's 5½ per cent. to 6½ per cent. of the total labour force in 1977 and coming down slowly to about 4 per cent. in 1980.

Assumptions

It needs to be said that at least two of the asumptions in the chairmen's scenario are optimistic. The first is that the incomes policy will not only stick in 1977 and 1978 but will also be continued in the following two years. The second is *that Denmark will be able to* increase the volume of its commodity exports by 12 per cent. a year, three times as fast as in 1976 and probably a good deal faster than the growth of world trade (the chairmen assume an average growth rate for the OECD of 4 per cent. a year).

As for the incomes policy assumption, it is impossible to know how realistic that is until next spring's collective wage agreements are safely signed, sealed and accepted by union members. However, Denmark has already succeeded in reducing the rate of increase in hourly wages from 20 per cent. a year in 1974 and 1975 to only 12 per cent. this year, so a further reduction should also be attainable.

If the general prospects for improving the economy look reasonably encouraging, the authorities are nevertheless faced with difficult problems in the immediate future.

The renewed plunge into heavy external deficit has forced the Central Bank to maintain extremely high rates of interest. The discount rate was put up to a record 11 per cent. in October, before the realignment of the currencies in the European monetary "snake." The realignment was highly successful from Denmark's point of view, bringing a big inflow of foreign currency and enabling the Central Bank to pay off a Kr.3bn. debt to the Bundesbank. The inflow of foreign currency enabled the Bank to lower the discount rate again to 10 per cent. yesterday.

Effective interest on mortgage bonds are hovering around 16 per cent. and bank advances cost between 17 and 18 per cent., which with prices rising by only about 8½ per cent., means that there is a massive real interest to pay. There seems little prospect that interest rates will come down by very much until the private sectors shows a renewed interest in making medium term loans in foreign currency (this year it has run down its foreign debt) and until the international interest rate level begins to fall again.

Another problem of central concern to the authorities is the State's large budget deficit. The cash deficit for the current fiscal year, ending on March 31, is now expected to be about Kr.12bn., rising to Kr.12.5bn. in 1977-78, while the total borrowing requirement will be about Kr.15.4bn. and Kr.16.6bn. *respectively.*

This year the Government introduced the sale of short- and medium-term Government bills to help finance the deficit, an innovation in Danish economic policy.

Another problem which is a matter for concern is the growth of the country's net foreign debt, which is now about Kr.38bn., or 14½ per cent. of 1976 GNP. Assuming that *the current balance of payments* deficit is reduced in accordance with the "wise men's" scenario, the debt will remain about the same proportion of the national product, but in cash terms will grow to about Kr.50bn. This means that merely financing this deficit is going to cost the country between Kr.4-5bn. a year in the 1980s.

Denmark often seems to be in the throes of an economic crisis, nearly always as a consequence of an actual or potential run on the foreign exchange reserves, which are always slender. But the country has always so far managed to convince the international finance community that Demark is a good investment.

CONTINUED ON PAGE IV

Outlook for farm exports

ONE OF my neighbours, a farmer, sends about 400 pigs a year to be slaughtered. But he is 63 years old and finds pig breeding a troublesome burden, so in a year or two he will probably give up his pigs. He will not sell his farm, however, as he will be able to live comfortably off his 300 acres of arable land. His pig houses will thus remain empty until he finally decides to quit.

The Agricultural Council, the organisation which represents the farmers' interests in Denmark, may be disappointed to find ageing Kristen Petersen appearing in the pages of the Financial Times rather than a dynamic young farmer with an ultra-modern set-up (and there are quite a few of them in Denmark). But the Council would have to agree that my neighbour is more representative of what is happening in Danish agriculture today than the younger man would be — in fact the Council makes the same point to the Government almost every day.

In the 1960s Danish agriculture maintained its output while at the same time cutting down the number of farm units to around 130,000 and shedding labour rapidly to other sectors. It was hoped that when Denmark joined the EEC and obtained the benefit of a large open market where it could compete on an equal footing with farmers in other countries output would again begin to rise after several years of stagnation. All the experts agreed that an increase in output of 3 to 4 per cent. a year was well within reach.

In practice, however, membership of the Common Market failed to produce the expected increase in output, although it proved satisfactory to the farmers in other respects. Agricultural export income has doubled from about Kr.8.5bn. in 1972 to about Kr.17bn. this year (so that farm exports still account for about 25 per cent. of the country's total exports).

The farmers' organisations attribute the failure to increase output to three main factors: delay in the change of generations, abnormally high interest rates and the generally high level of production costs in Denmark compared with most other countries. These all add up to what Mr. H. Kjeldsen, chairman of the farmers' unions, called "the unfavourable climate for investment."

The change of generation delay is perhaps the most serious problem, as the younger farmers are investing fairly heavily in spite of several disincentives such as the interest rate on long-term loans of about 16 per cent. The older farmers like my neighbour, however, are unwilling to sell their farms and allow younger men to take over. The reason is a penal capital gains tax, nominally at 75 per cent.

Rules

In many cases (the complicated rules by which it is calculated have a varying impact from farm to farm and district to district) the capital gains tax means that the farmer will not have anything left over with which to buy a house for his retirement. Instead he continues to live on his farm, enjoying the income from producing corn, while ruming down his production of livestock.

The Agricultural Council estimates that a farmer in his thirties has an output which is twice as high for animal products as that of a farmer over 55 and three times as high as one over 65. The result of the change of generation is therefore having a marked impact on output patterns.

In the pigmeat sector, for example, which is the most important in terms of total output and exports, pig production has fallen from about 11.9m. head in 1972 to just under 10m. to-day. The farmers *are pressing hard to obtain* alterations in the capital gains tax, partly because it is one of the important negative factors which can be changed without causing problems for economic policy, but to date the Government has turned a deaf ear.

High interest rates cannot be removed so easily. They are also penal. Mr. Kjeldsen said that for the typical Danish farmer interest payments come to about Kr.6,000 a year more than *for his counterpart* in Holland (a country with which the Danes compare their agriculture). But while the Dutch farmer can usually raise up to half his investment expenditure out of earnings, Danish farmers, especially the younger ones, have to borrow every penny of their new investment funds, partly because of a unique Danish tax on agricultural land.

For the newly established young farmer, interest rates are so high that it is not possible for him to reach break-even point for between five and eight years. "It is very difficult for us as the responsible leaders of the agricultural organisations to urge young people to invest" said Mr. Kjeldsen.

CONTINUED ON NEXT PAGE

DENMARK III

Clouds over industry

[DA]NISH MANUFACTURING [ind]ustry expects production to [inc]rease by 8-9 per cent. in [vol]ume this year, a welcome [sig]n of recovery after the set[bac]k in 1975 and a good [adv]ance on the 3 per cent. in[cre]ase which it was forecasting [at] the beginning of the year. [Th]e rest of the picture is not [so] bright. Domestic demand is [wea]k, wage levels remain high [and] the prospects of limiting [inc]reases to 6 per cent. a year [fro]m March 1977 under the [Au]gust incomes compromise are [unc]ertain. Interest rates are [to]o high (14-16 per cent. on [ove]rdrafts), the profit trend is [dow]nward and industry is now [thr]eatened with an energy tax. [H]opes for 1977 are pinned [on] a genuine upturn in the ex[por]t markets but already in [the] second half of this year the [imp]rovement has tapered off [and] the more realistic judg[men]t is that foreign markets [wil]l not offer the firm boost which the Danes are wait[ing for]. The increase in output [this] year came primarily in [con]sumer goods, in particular [elec]tronics, and to a lesser ex[ten]t in investment goods and [che]micals. The major problem [is] in shipbuilding, where a [ser]ious employment crisis [thr]eatens for 1978 if new orders [are] not found.

[D]anish industry is heavily [exp]ort-orientated. Of total pro[duc]tion of Kr.90bn. (£9.3bn.) [last] year, Kr.34bn. went abroad, [acc]ounting for just under 70 per [cen]t. of total Danish exports. [Ma]chinery and instruments [ma]de up close to Kr.9bn. of [the]se, with ships and chemical [pro]ducts each around the [Kr.]5bn. mark.

[B]ut the singular characteris[tic] of Danish industry is the [sma]llness of the companies in[vol]ved and their specialisation. [Of] the 6,712 registered in 1974, [...]5 had less than 100 employ[ees]. Many of these companies [pur]sue the "niche" philosophy, [ma]king advanced high-quality [pro]ducts for specialised mar[ket]s, frequently as sub-contrac[tor]s for large foreign concerns. [Mo]st typical in this respect is [the] electronics branch, where a [com]pany employing no more [tha]n 50 people may hold half the world market for its particular product.

For such products price elasticity is very low or even non-existent. Moreover, through the '60s and early '70s Danish companies were able to keep ahead of high labour costs by investing heavily in automatic control systems, frequently borrowing capital abroad for the purpose.

The recession has brought problems, with wage levels outpacing productivity. Investments in manufacturing fell by 25 per cent. last year and the forecast for 1976 is for only a slight improvement. The Federation of Industries is hoping for a 15 per cent. improvement in 1977 but that would still keep investments below the 1974 level in volume terms.

Efforts have been made to stimulate investment by temporary tax-deductible allowances of 20 per cent. for machinery and 10 per cent. for buildings. The machinery allowance falls to 10 per cent. next year and expires at the end of 1977, while the building allowance lapses at the end of this year.

There is a consensus embracing even Social Democrat politicians and union leaders that profit levels in Danish industry have declined over the last three years to an unacceptable level. This belief was strengthened by the publication this autumn of three analyses of 1975 profits.

The Iron and Metal Industry Association reported bluntly that at prevailing interest rates expansion by its members would not be profitable, while the Financing Institute for Industry and Crafts noted that the return on total capital employed for the companies to which it lends fell in 1975 to the lowest level it had recorded. The Danish Statistical Office reported a 3 per cent. rise in turnover among industrial companies in 1975 but a 7 per cent. fall in pre-tax earnings.

The Federation of Industries is scheduled to propose a more flexible method for financing industry's long-term borrowing needs, while Mr. Per Haekkerup, Minister of Economy and Commerce, is understood to be pondering a plan of his own to improve the flow of capital to industry.

The 6 per cent. depreciation of the Danish krone on October 18, when adjustments were made to the parities of the currencies co-operating in the European "snake," was received with mixed feelings by Danish companies. The improvement in competitiveness on export markets was balanced by the 6 per cent. increase in kroner terms of companies' foreign debts, but managers' main worry was that the depreciation might reinforce inflation and lead to further wage drift.

With export markets still sluggish and uncertain the incomes agreement posited by the "August compromise" among the political parties will be of vital importance for industry next year. If wage increases can be kept to the 6 per cent. suggested, productivity should recover.

This year two branches in particular seem to have done well, one as expected, the other surprisingly. The textile industry, which went through a very bad period in 1974 and 1975, has seen output and profits pick up. Many of the textile companies are situated in West Jutland, which has been regarded as a development region with low employment, but this year its unemployment figures are among the lowest in the country. The key to the turnround apparently lies in the flexibility of the small surviving companies which have abandoned mass production, concentrate on design and switch products and markets more often.

Electronics

Electronics, the fastest growing sector in Danish industry expects a growth rate of some 15 per cent. this year or a 6-8 per cent. in volume terms. It employs some 18,000 out of a total manufacturing labour force of 370,000 and exports over 70 per cent. of its production to a value of Kr.2.4bn., making it third in sector export statistics.

It is a young branch with young managers, has few labour troubles because the production units are small and contact between workers and owners is frequently close. It is the branch above all others which pursues the "niche" philosophy, looking for specialised markets too small to attract the mass producers.

Largest among the Danish electronics companies is the prestigious Bang og Olufsen, the design of whose hi-fi, radio and TV products complements their high quality. The Storno company, a subsidiary of General Electric, specialises in two-way radio telephones and has a turnover of some Kr.300m. (£530m.).

More typical is a company like Danfysik, which employs only some 50 people, but sells isotype separators to the Max Planck Institute, the Massachusetts Institute of Technology and Moscow University; its turnover is probably not more than Kr.10m. but it is a world leader in its particular market.

Disa Elektronik has just under half the world market for electromyography equipment as well as figuring prominently in scientific research and industrial control equipment. Dansk Impulsfysik produces runway visual range computer systems, co-operating with an American company which makes the equipment for the aircraft while the Danes concentrate on the airport end; it has 30-40 employees.

The Association of Electronics Manufacturers in Denmark lists close to 150 companies, the big majority extremely small but several of them exporting 80-90 per cent. of their output. As with the rest of the Danish industry labour costs are a problem. The electronics companies need highly qualified staff but they also have highly rationalised production and low price elasticity for their products. The secret of Danish electronics success hitherto, however, lies in its power of innovation, the capacity to come up with new products for a specialised market.

For Danish shipbuilding the picture is grimmer. There has been a reduction in employment of about 25 per cent. in the yards building new vessels, only marginally compensated for by an increase in numbers employed on ship repairs. Unless new orders are obtained, the situation could deteriorate rapidly from next year.

The yards have been able to maintain a relatively high level of output in 1975 and the first half of this year thanks to orders placed earlier, but during the first three-quarters of this year new orders were placed for only 12 ships to a total of 157,000 dwt. With one exception all these orders came from Danish shipowners.

The order stock at the end of June totalled 71 ships, including barges and vessels for the Danish navy, of 2.7m. dwt against 87 ships totalling 5.9m. dwt at the end of 1974. Hardest hit has been the Odense-Lindoe yard, designed to produce giant tankers. It had orders for two tankers of 495,000 dwt cancelled in 1975 and a further two reduced in size to 330,000 dwt.

Odense-Lindoe, like the other Danish yards which are already heavily specialised, has been trying to diversify into the offshore oil equipment market (which is also sluggish) and to come up with new designs for smaller vessels. But the competition from Japanese yards is hurting badly.

Danish shipowners have been placing many new orders with the Japanese, who will be delivering a very much larger part of the new tonnage received by Danish owners in 1977 and 1978. In addition several of the Danish yards' traditional customers abroad have been switching orders to the low-price Japanese.

The maverick on the Danish shipbuilding scene is Mr. Jan Bonde Nielsen who bought control of the Burmeister and Wain shipyard and engine-building group in April 1974 after it had sustained losses amounting to close to £100m. This year Mr. Nielsen is anticipating earnings of £8-10m. for the group and also expects to make a profit next year.

He turned the company round by a drastic rationalisation programme which cut the yard capacity by half measured in man-hours and by re-organising the building programme to concentrate on a series of 14 bulk carriers of 60,000 tons sold at good prices. Only one of these orders has since been cancelled with a compensation fee of $8½m.

W.D.

Farm exports

CONTINUED FROM PREVIOUS PAGE

The results of the disincen[tiv]es to retirement and new [inv]estment show up sharply in [the] pigmeat sector. "This year [we] could have sold a million [mo]re pigs, but there is no incen[tiv]e to the primary producers to [bre]ed them," said Mr. Dyrlov [Ma]dsen, managing director of [ES]S-Food, the Danish bacon [fac]tories' export association. "[If] we had another 2m. pigs [we] could increase our exports, [net] of imported raw material [cos]ts, by Kr.1.4bn. a year, and [we] already have the capacity to [han]dle them without any new [inv]estment."

[T]he Danish producers have [con]tinued to give top priority [to t]he U.K. bacon market, where [the]y have maintained their [mar]ket share of about 45 per [cen]t., and they do not intend to [let] it slip. ESS-Food is continu[ing] to make new investments in [the] U.K. and is generally satis[fied] with the progress it is mak[ing] at the moment. The con[tinu]ed importance which is and [alw]ays has been attached by the [Dan]es to quality means that [alth]ough they are price leaders [in t]he U.K. market they are still [abl]e to increase sales. A good [exa]mple is sliced packed bacon, [whe]re the Danes are selling at [the] highest price on the market [and] have been able to increase [thei]r share.

[T]he tonnage exported to the [U.K.] has fallen over the past few [year]s, but this is because of the [gen]eral fall in U.K. pigmeat consumption, and the Danish exporters have been successful in making up the U.K. shortfall in third markets, especially the Continental EEC countries and Japan.

The two other major sectors for agricultural exports are dairy products and beef. Considerable export increases have been achieved for both over the past few years. Butter exports averaged about 86,000 tonnes a year between 1969 and 1973, but last year were up to 96,000 tonnes. A feature of 1976 butter exports is the decline in sales in the U.K., chiefly, the Danes fear due to competition from German butter. In the first ten months of the year butter exports to the U.K. were down from 71,400 tonnes in 1975 to 61,600.

The German farmers receive higher monetary compensation amounts from the EEC Agricultural Fund than the Danes, giving them a competitive advantage in exporting to Britain, a problem which is seriously worrying the Danes, both farmers and Government.

Cheese exports have also increased rapidly, from about 71,000 tonnes pre-Common Market membership to about 100,000 tonnes a year in 1975. Exports to the U.K. have risen and an old market which was lost during the EFTA years, Germany, has been restored. A new market has been opened up in the Middle East as well with Iran, now the third most important market.

The dairy sector has a better intervention system and a higher degree of safety for the farmer than the pig and poultry or corn-based sectors, which has caused some switching of investment into dairying in Denmark.

Beef and veal exports have risen from an average of about 77,000 tonnes a year prior to EEC membership to 128,000 tonnes last year and about the same in 1976. Italy remains the largest market, despite interruptions to exports as a result of Italian restrictions, while the U.K. has become the second biggest market.

Canning

The basic problems of Danish agriculture are also reflected in the state of the processing industry, of which the meat canning industry is the most significant, with exports worth Kr.1.6bn. last year. Good world prices for fresh pig-meat products has meant that the shortfall in pig production has hit the processing industry hardest. In 1972 the industry was taking 3m. pigs a year, while now it is only processing 2m.

As a result total canned pigmeat exports have fallen from 193,000 tonnes in 1972 to about 130,000 tonnes to-day, with exports to the U.S. down from about 75,000 tonnes to 45,000 and to the U.K. from 71,000 tonnes to 58,000.

The canning industry is also beset by other problems, including high costs and competition from Eastern Europe. Danish wage costs are higher than in the U.S. or Britain. Devaluation of the dollar has affected exports not only to the U.S. but to other overseas markets. EEC membership raised the price of corn, and relatively to the U.S. raised the price of pigmeat for processing, especially as the EEC has reduced export restitution payments in response to American pressure. The problems have been acerbated this year by a big increase of supply in pigs in America and Canada, driving down the price of pigs on that side of the Atlantic.

The Danes, who with the Dutch once dominated the market for imported canned products in the U.S., have increasingly felt the competition from East European countries—first Poland, but latterly Yugoslavia, Hungary and Romania. The technical standards of the East European producers, thanks largely to American finance, is now comparable in this sector with Western Europe. Since 1972 Denmark's share of the declining U.S. market has thus fallen from about 44 per cent. to 30 per cent. and Holland's from about 30 per cent. to 24 per cent.

Ideally the canning industry would like to switch away from the American market to Continental Europe, but it is proving a tough market to break into. Tastes are not the same as in the Anglo-American market, and they vary very much from region to region, making it difficult to produce and market a uniform product. There is also a highly developed processing industry in these countries with which the Danes must compete, and as both veterinary standards and wage costs are higher in Denmark the Danes have a long pull ahead of them.

In spite of the current difficulties the Danish farmers do not seem too discouraged about prospects. EEC membership has given them the big market they lacked before and this is a very crucial point. But developments in the EEC have not been quite as satisfactory as the Danish farmers would have wished. The divergence of exchange rates among member countries, the necessity for "green" exchange rates, and monetary compensation amounts have all distorted the market, as well as proving so costly that the future of the Common Agricultural Policy is sometimes questioned.

The revaluation of the German mark in relation to the other currencies is especially serious, having a two-fold effect. It gives the German farmers a "subsidy" in exporting to other member countries and it places a "tariff" of 9.3 per cent. on Danish exports of agricultural products to Germany. Thus the Germans are beginning to make inroads into traditional Danish markets and the Danes are hindered in their efforts to obtain a larger share of the German market.

The agricultural organisations and the Government are pressing for an end to the system of monetary compensatory amounts in order to restore equal terms of competition (though as the Danes are the only country without significant national farm subsidies and the tax on agricultural land is a reverse subsidy, competition will still not be equal for the Danes). Not everyone in the business is able to appreciate the logic of the attitude to abolishing MCAs, however. This would mean a big increase in prices of Danish and other imported products for the U.K. consumer. A senior manager in one of the biggest canning companies said that the abolition of MCAs would be "a complete disaster. We would no longer be able to compete in the U.K. market."

Hilary Barnes
Copenhagen Correspondent

Ceiling checks bank advances

THE DANISH banking sector is in the middle of an interesting development, both technically and politically. On the technical side, the commercial and savings banks have introduced what they claim to be the most advanced payments mediation system in Europe, while individual banks are in the process of introducing on-line terminal accounting systems. Politically, the banking system is being forced to cope with the consequences of credit and incomes policy measures which have cut into their earnings ability and distorted the market for credit in ways which are not to the advantage of the banks.

Over a period lasting since 1969 the central bank has endeavoured to control credit expansion by the use of a ceiling on commercial and savings bank advances, but the authorities have not paid the same attention to controlling the other main source of credit supply, the mortgage finance institutions. The latter are a special Danish institution which do not have a parallel in other European countries. The mortgage institutes issue bonds on behalf of their customers, the home-builders, and they are (or were until this year) free to issue as many bonds as they like as long as they are secured against real estate.

The result of restricting bank credit but not the bond market is that the mortgage institutions to-day account for about 70 per cent. of the supply of credit, whereas 20 years ago they accounted for only about 30 per cent. The banks and savings banks share of new credit has in the same period fallen from about 45 per cent. to only 6 per cent. The problem has arisen, at least in part, out of the high priority which successive Governments have given to the housing sector.

Since 1969 the ceiling on advances has increasingly distorted the banks' operations. The ceiling is, of course, adjusted upwards from time to time, but the adjustments have been made at a much slower rate than either the rise in the price level or the growth in nominal national income.

Deposits

As bank deposits have nevertheless grown rapidly, especially from the end of 1974 until this autumn (they rose by 35 per cent. in 1975 and in the 12 months to August by about 24 per cent.) the ceiling on advances has forced the banks to channel an increasing proportion of deposits into the bond market. In 1975 commercial bank holdings of bonds actually doubled from about Kr.13bn. to about Kr.26bn. Over the past ten years bank bond holdings have increased from a sum equivalent to 15 per cent. of bank advances to the equivalent of 50 per cent. The banks feel that they are being forced to become investment institutions to the detriment of their traditional banking business.

The policy has also raised other problems, as the ceiling has been accompanied by other measures which have had the effect of rationing credit. Advances for house building were for a long time excluded from the ceiling, and more recently the Government has in effect said that the banks must meet the demand for state-guaranteed student loans and loans to drought-hit farmers, measures which reduce the amount of credit available to other sectors.

The ceiling and its complications are unsatisfactory for the bankers, but these measures do not as such affect bank earnings. The form in which the Government has applied incomes policy to the banks does. In 1975 an Act was passed which limits the spread between interest rates on deposits and advances to the average, for each individual bank, of the level in the three years of 1972-74. The difficulty with this arises because deposits have risen extremely rapidly, but advances have remained almost unchanged (though they have picked up in the past few months), so that earnings on this most fundamental of all bank operations have been seriously squeezed. And each time the discount rate is raised, the damage to earnings is increased. This probably kept the Central Bank from raising the discount rate earlier in the year, but in October, when speculation over a revaluation of the West German mark caused a big run on the reserves, the rate was raised by two and a half per cent. to a record 11 per cent. This was reduced to 10 per cent. yesterday.

While the banks have to some extent been able to compensate their losses from deposit and lending operations through improved earnings from investments and foreign exchange dealings, the situation is that the banks are having considerable problems maintaining the legal minimum equity ratio, which is eight per cent., the highest in Europe.

It is again linked to two developments, the increase in deposits and, especially this year, the drop in bond prices. The unrealised losses on holdings of securities between the end of one year and the end of the next year go into the profit and loss account on the basis of the December 31 values. Last year, bond prices rose, so that although operating profits were not too satisfactory, the final profit figures were very high. This year bond prices have fallen drastically, more than wiping out last year's unrealised gains. Most banks will this year be in the position of recording either very modest profits or losses.

The Danish bankers are anxious to emphasise that this does not reflect on the financial solidity of the banks in the sense that their minimum equity ratios are much higher than in most other countries, but as Mr. S. O. Soerensen, chairman of the Danish Bankers Association, said at the Association's annual meeting last week, it will not help to inspire confidence in the Danish banks among the international banking community if they are all reporting losses for 1976. He added that confidence is required in order to help Denmark raise foreign exchange to cover its current balance of payments deficits.

Challenge

The need to raise new capital has set the banks and savings banks a tough challenge. Two of the biggest savings banks have sought to raise capital by means of special certificates of deposit, carrying interest of 14 and 15 per cent. Several banks are seeking dispensations from the 8 per cent. equity requirement in negotiations with the bank inspectorate. The law allows for dispensations for limited periods, and as bond prices are expected to improve again next year, the problems will gradually ease.

Copenhagen's Handelsbank and Den Danske Bank (formerly Landmandsbank) have chosen to issue loan stock abroad, both banks raising Kr.500m. by this means. This is a new departure for the Danish banks, but they judged the prospects of raising the money by making a traditional domestic share issue as being not worth trying.

Some of these problems will cease to be so acute if the State can bring down its large budget deficit, which has contributed to a rapid increase in the money supply and boosted bank deposits. A recovery of bond prices will also help the capitalisation problem. But as long as the law on interest spread continues to apply, and the politicians do not seem anxious to change it, the banks will continue to find it difficult to maintain a high enough level of earnings from which to finance their equity needs.

If one is looking for bankers in Copenhagen who feel happy with developments, one has to turn to the foreign bankers. On joining the EEC, Denmark liberalised its regulations on bank establishment and there are now five foreign banks with subsidiary companies in Copenhagen (plus Philadelphia National Bank, which in the summer acquired a shareholding in the small Henriques Bank). They are American Express, which has been in Denmark for several years, Bank of America, Chase Manhattan, First National City Bank (Citibank) and Standard and Chartered. Several other foreign banks have representative offices in Denmark as well.

The chief problem for the foreign banks is how to raise deposits, and for this they are almost entirely dependent on the volatile overnight money market. However, this year, until the autumn, they were able to make money on the overnight market. But the foreign banks have also succeeded in establishing a lucrative business in raising foreign currency loans, where the Danish banking regulations give them an advantage over the Danish banks. The latter have a small quota which they can raise on their own account for re-lending to customers, but for most of the loans they raise they have to go through a foreign corresponding bank, which puts up the prices of the loans. The foreign banks are not hampered by this regulation. Citibank and Chase have also been active in assisting Denmark to raise large foreign loans this year, and they have done well on this account.

As mentioned earlier, the Danish banking system is going through exciting technical development. Some 30 per cent. of Danish households are now using the commercial and savings banks' joint payments mediation system. Customers use this system to have specified bills paid for them automatically by the banks, such as mortgage payments, telephone accounts and newspaper subscriptions. These transactions are carried out automatically through a computer system to which all the banks and savings banks are linked. The service is free to the customer, but the receiving institution, such as the telephone company, for example, pays Kr.1.10 per transaction. This is considerably less than the institutions would have to pay on postage and also involves substantial book-keeping savings through rationalising the system.

Another interesting development is the use of on-line computerised systems for serving customers in the branches of the banks. So far only Handels Bank and Den Danske Bank have begun to put these systems into operation. The system means that the cashier has a terminal on which he or she can acquire instant information on the state of the customers' account and book a transaction instantly when the customer withdraws or deposits money. The system enables the banks to make a manpower saving of 19 per cent., according to Handels Bank, which is making its estimates on the basis of experience in the 11 branches which have gone over to the system so far.

H.B.

Economy

CONTINUED FROM PAGE II

If successive governments have been able to maintain foreign confidence in the basic health of the economy it is because Denmark is basically stable and its economic policies usually sound. In recent years, for example, Governments have achieved a great success in limiting the increase in public sector growth and housing investment, which in the late 1960s was the chief threat to economic stability. Since 1973, the authorities have cut inflation from about 16 per cent. a year to just over 8 per cent. and the rise in wage rates from 20 per cent. to 12 per cent. These are all basic achievements which impress foreign bankers.

In 1977 it seems that incomes policy will be crucial to maintain the progress already made. In spite of the upsets on the labour market this autumn and the political crisis which emerged in the wake of the strikes, there is still good reason to think that good sense will prevail when the collective wage agreements have to be concluded. It usually has in Denmark's recent history.

Hilary Barnes

The Management Page

EDITED BY JOHN ELLIOTT

MSL says that more U.K. executives are wanted abroad but PER disagrees. By Nicholas Leslie

Job agencies clash on overseas demand

CONTINUED rise in demand ...m overseas for U.K. execu- ...es has taken place in the ...rd quarter of 1976 according ... MSL, the management re- ...uitment company. As a result, ...s MSL, overseas recruitment ...the U.K. is 50 per cent. above ...vels for the same time last ...ar.

The survey comes just one ...onth after Reward, a four- ...onthly survey of the execu- ...e recruitment market largely ...sed on figures supplied by the ...vernment-sponsored Profes- ...nal and Executive Recruit- ...nt, suggested that the num- ...r of executives moving over- ...s had dropped.

Although the fact of overseas ...erest in U.K. executives is in ...tle doubt, the disparity be- ...een the MSL and PER views ...akes it difficult to assess pre- ...ely how many people are ...ually moving abroad.

That there is such a disparity ...ems to be due mainly to the ...fering bases on which the ...o organisations draw up their ...tistics. At the same time, ...ey also tend to base their ...ws on what they call a "feel ...r the market," as well as ...tistics and it is here also ...at they are in some disagree- ...ent.

MSL's statistics are based on ... study of executive recruit- ...nt advertisements appearing ... 16 U.K. publications, cover- ... daily and weekly quality ...tionals and professional pub- ...ations in accountancy, ...gineering and construction ...lds. According to the com- ...ny it counts a job only once ...it is advertised in more than ...e publication.

To be included in the MSL ...rvey, jobs must be for a ...anagement or supervisory post ...quiring a qualification above ...NC standard and a salary ...ove £3,000. The position ...ould also have to be above ...at of the first level of ...pervisor.

On this basis, MSL says that ...n the third-quarter of this year ... total of 3,144 positions overseas were advertised, the largest slice being in the Middle East and Iran. A significant feature was a sharp drop in the number of advertisements for jobs in South Africa. Whereas a year ago 277 jobs were advertised for South Africa, the number this year in the July-September period dropped to 79, which was less than half the previous quarter's figure of 178.

From a total of 2,010 overseas jobs advertised in July-September, 1975, subsequent quarterly figures were 2,420, 2,424, 3,062 and the latest 3,144.

positions advertised were probably being advertised in other countries as well. Thus, the proportion of these jobs abroad which went to U.K. managers was obscure. MSL does not dispute this argument and says it is currently trying to find at least a partial answer through research in Europe.

PER also says that in recent years there has been a very sharp fall in the number of job opportunities in such traditional areas as the U.S., Canada, Australia and South Africa and it suggests that this decline has not been fully compensated by increased demand elsewhere.

OVERSEAS DEMAND FOR UK PERSONNEL—MSL SURVEY

July-August-September 1975		July-August-September 1976	
Middle East/Iran	567	Middle East/Iran	1,251
Black/Arab Africa	476	Black/Arab Africa	681
South Africa	277	Western Europe	475
Western Europe	234	Far East	184
Far East/Australia	116	South Africa	79
Elsewhere	340	Elsewhere	474
Quarterly total	2,010	Quarterly total	3,144

After the Middle East and Iran the greatest demand, in all of the quarters, has been from Black and Arab Africa. South Africa, from third position a year ago has now fallen to fifth position, with Western Europe moving up to third and Far East up to fourth position.

The basis for the PER's statistics for overseas demand is predominantly inquiries it receives from client companies which use the organisation on a continuous basis. Thus, many of the jobs would probably not even be advertised. Traditionally, they include British companies operating abroad which would send out executives to subsidiaries overseas to gain experience. However, this type of job, particularly in Africa, is increasingly being taken up by local nationals.

A spokesman for PER felt that while, statistically, the MSL figures were beyond dispute, they did not not necessarily give a true picture of the number of British executives moving overseas and pointed out that many

MSL disputes this and adds that the change in areas of demand has also brought with it a change in the type of job offered from the largely technological and research and development positions in the U.S. to construction and construction-related jobs in the Middle East and Africa.

While the overall picture is somewhat confused, one point does seem to be fairly clear and that is the fickleness of the U.K. executive when it comes to deciding on a move overseas. Many apparently back down when really faced with a prospect of moving, while general interest among managers increases and decreases according to political climates. This is borne out by the political uncertainties surrounding South Africa having had a marked effect not only on the number of jobs being advertised in the U.K., but also on general interest among executives about opportunities in that country.

Fresh approach at Leyland

BY SUE CAMERON

THREE THINGS have forced Leyland Cars to take a fresh look at its training policies—a new production drive, the trend towards greater industrial democracy and the current rate of unemployment. Since the publication of the Ryder Report last year Leyland has restructured its entire training system, placed it under central control and started a major reappraisal of future training needs.

Until last May there was little attempt to co-ordinate different company training schemes. Standards varied widely from one plant to another, and certain programmes were being needlessly duplicated — which amounted to a waste of both money and men.

One of the reasons for this was that responsibility for training had previously been divided between the various British Leyland divisions — Jaguar, Austin Morris, Rover Triumph — and the individual plants. There was little direction or involvement from the top.

But now the training department has been divided into four broad areas each of which is responsible for teaching different types of skills. All policy-making, planning and monitoring of courses is carried out centrally. A team of training managers who are responsible for the four new sectors has been set up at Haseley Manor — a castellated Victorian mansion in the Warwickshire countryside with easy access to Leyland plants in Birmingham, Oxford and Coventry.

One of the points emphasised in the Ryder report was the need for Leyland to improve its exports. Accordingly the company is planning to change many of its manufacturing processes over the next four years so as to meet foreign safety requirements and it also intends to bring out a number of new models.

As a sesult over 30,000 assembly workers will have to be retrained and it is estimated that this will cost about £13m. by 1980. Nearly all retraining will be done in the car plants and much of it will be carried out by foremen and other skilled workers. Labour costs will be the most expensive item in the programme for as well as paying full-time training staff a number of men will have to be released from normal production line duties so that they can teach others.

People doing jobs that require particular dexterity or skill such as welding or paint-spraying are trained away from the main assembly lines and the company therefore has to buy extra equipment. It also has to write off the cost of car parts that are spoiled through the mistakes made during retraining.

In the past training for specific jobs was often rather haphazard but now courses are more structured and systematic. People have to master the basic skills before they are allowed to go on to the more difficult tasks and many programmes include an analysis of possible faults. Men are shown the mistakes they are likely to make and they are told what causes them and how they can be avoided.

Main reason

Leyland's export drive, plus a general improvement in sales, is one of the main reasons why the company has more than doubled its intake of apprentices and graduates since last year.

Austin Morris, Jaguar, Rover Triumph and other divisions of the old British Leyland company used to recruit and train apprentices separately which meant they were sometimes in competition with each other. But now all recruiting is done centrally and whenever possible apprentices are also trained together.

Since the creation of the new group training department the staff have started carrying out a number of surveys designed to gauge future training needs. Last year for example one training survey showed that while the majority of foremen, senior foremen and superintendents were in the 45 to 50 age bracket, younger men were not being trained to take over on their retirement. A six month training course for foremen has therefore been set up to produce between 40 and 80 new supervisors each year.

Leyland Cars is also training managers and shop floor-workers to take their seats on the company's 37 joint committees under its new three-tier participation scheme. One of the main aims of the training programme for committee members, agreed between Leyland and its unions, is to try to ensure that managers and the employee representatives nominated by the unions do not split themselves into two opposing factions. It was therefore decided that they should be trained together whenever possible.

An exception is made in the case of committee chairmen—all of them from the management side of the company—who are given some separate initial training. The need to do this became apparent when the committees were first set up a year ago and one or two of the manager-chairmen made it clear that they were going to lay down the law themselves without making any attempt to find a consensus of opinion.

The main part of the participation training starts with basic studies in matters such as committee procedure. Each participative committee then holds a "shake-down" meeting after which the members themselves decide on the further training they require.

Committee members also attend a series of seminars on business skills. Originally it was planned to separate the management and union members of the committees at this point on the grounds that the two groups would be unwilling to admit their problems and weaknesses in front of each other so discussion would become rather pointless. But both union and management representatives said that they did not want to be split up which suggests that the methods being used in the participation training programme are proving successful.

In addition there is separate shop steward training organised by the unions and held at colleges and universities around the country.

Leyland's management training has moved away from theoretical programmes on the grounds that there is no point in trying to pretend that they are preparing perfect managers to work in a perfect company. Instead a number of practical courses have been introduced aimed at helping people to cope with the day-to-day working problems. Perhaps the most important innovation has been the creation of a scheme for training managers to work as members of different teams. This was started last May, soon after the training department was reorganised, and is thought to be particularly valuable.

Management courses, along with all other training programmes, are increasingly based on regular analyses of future requirements within the Leyland Cars group. This is possibly one of the chief benefits of the new, centralised approach to the whole training operation —before reorganisation efficient planning was, at best, difficult. But the training department is determined that its success should not be judged merely on the number and variety of the courses provided but on the ability to meet Leyland's developing needs.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Unsaleable premises

In 1972 we closed down our garage business and since then have been trying to sell the premises, but have been unable to do so because no change of use was permitted. The latest offer was from a firm of radio and television repairers and we propose to appeal against the refusal of change of use in this case. Now the local authority is demanding rates on the property, empty because of their activities. Have we no redress? Can the authority be forced to purchase the property? What do you advise?

The course which you have in fact adopted is the most useful one, that is to appeal against the refusal of planning permission. The rating authority can charge the empty property to rates: hence the need to challenge the planning authority's refusal of permission to change the use. Until the planning procedure has been exhausted your property cannot be said to be sterilised. It may be possible to seek permission for development in circumstances in which the planning authority would have to pay compensation if permission is refused, that is if you can bring your case within Parts VII or VIII of the Town and Country Planning Act 1971. You should consult your planning advisers about this.

An allowable loss

Two years ago I bought 1,500 shares in XYZ company for £1,200. Recently I sold for £900 and closed the deal in the same account for £800, so making a profit of £100. If I now sell my shares for less than £1,000 during the current tax year shall I be able to claim an allowable loss?

The sale proceeds of stocks and shares count towards the £1,000 exemption limit regardless of any reacquisition within an account. However, the £1,000 exemption limit does not operate to a taxpayer's disadvantage if he has incurred losses. The £300 loss which you incurred on the sale for £900 will therefore be allowable against chargeable gains in later years even if no other sales are made during the current tax year.

Agent and principal

Could you tell me how in law to distinguish between an agent and a principal? Because someone is described as an agent, for example, a news agent, does this make him one?

Newsagents are not normally agents in law: the description is a commercial custom. An agent, in law, is one who acts on behalf of another (the principal)—thus an estate agent acts on behalf of a person (usually the proposing vendor) in procuring a sale and purchase of real property.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)
Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026
WEDNESDAY, DECEMBER 8, 1976

Tight money on the way

THE BALANCE of payments figures for the third quarter are interesting chiefly because they reflect a reduction in the pressure on sterling during much of the period and because they show every clearly why we need further assistance from the International Monetary Fund. The fact that the deficit on visible trade increased somewhat was already known from the monthly trade figures and is mainly due to a drop in the volume of exports: export and import prices rose by much the same amount. The net surplus on invisibles, however, improved, with a £50m. increase in net earnings on travel, because the lower exchange rate encouraged visitors to this country and discouraged U.K. citizens from taking their holidays abroad: the signs are that this source of income has continued at a high level in the current quarter. Invisible income from miscellaneous services was also higher and the current account deficit as a whole, seasonally adjusted, rose from £533m. in the second quarter to £637m. in the third.

If the current account was worse, however, the capital account was considerably better, with a net outflow of £407m. against no less than £1,262m. in the second quarter. This was primarily due to smaller withdrawals of official sterling balances and to a reduction in the size of leads and lags in the normal pattern of commercial payments. The total balance to be financed, therefore, fell from £1,924m. to £848m.

£ balances

Only £47m. of this was financed by drawing on the official reserve. Various public sector bodies borrowed another £492m. abroad under the exchange guarantee scheme and another £309m. was drawn on the $5.3bn. short-term credit from overseas central banks: this brought the total drawn, which will have to be repaid some time before the new IMF credit is actually available, to $1,545m. It is worth stressing the point that our need for an IMF credit is not due only to the continuing deficit on current account. The exchange reserves in sterling of foreign governments were drawn down by £355m. in the third quarter after having been drawn down by over £900m. in the second. Most of this reduction was due to the decisions of oil-exporting countries, who have run down their sterling balances by £1bn. in the past six months and by £2bn. since they touched a peak of almost £3½bn. at the beginning of 1975.

Mr. Healey said yesterday that he hoped to be able to report next week, when he introduces his package of measures to meet the requirements of the IMF, some agreement in principle to deal with the problem of the sterling balances. Mr. Callaghan is now convinced that they are more of a liability than an asset and has discussed the matter informally with both the U.S. and German governments. But action here will probably be conditional on meeting the requirements of the IMF and, especially since there is a new U.S. Administration with economic problems of its own to deal with, may not be taken as early as the Government would wish.

Corset bites

Whatever the detailed contents of the package, about which the Cabinet was again arguing yesterday, the IMF will almost certainly want overall assurances about the growth of the money supply and the rate of domestic credit expansion. A figure of 10 per cent. for the growth of M3 has been suggested, which would be quite severe, since inflation is likely to continue running at a rate of 13-14 per cent. for some months to come. In fact, the Government has had to reimpose the corset on the growth of the banks' interest-bearing deposits to reach the target of 12 per cent. which is in force at present. When it was imposed, the base chosen was such that virtually no growth would be permitted over the next six months. It now appears that in the banking month to mid-November, which ended on the day before the new restrictions were announced, the banking system as a whole increased its interest-bearing deposits by over 6 per cent. and the clearing banks by considerably more. The reduction that will have to take place over the next five months, unless the corset is slackened, is on a dramatic scale. The situation will have to be watched with the greatest care.

The slowdown in the U.S. economy

ALTHOUGH there is no good reason to fear that the new U.S. Administration will be isolationist or inward-looking, it is increasingly clear that the most pressing preoccupation of Mr. Jimmy Carter when he takes office on January 20 will be the domestic American economy. Ever since the turn of the year the recovery from recession has gradually slowed down, and the latest indicators point to a further deceleration.

Compared with a 9 per cent. annual growth rate in the first quarter of this year, Mr. Alan Greenspan, the chairman of the Council of Economic Advisers, has now revised his forecast for the final quarter sharply downwards, from 5 per cent. to possibly as little as 3 per cent. at an annual rate. Unemployment has risen again, to 8.1 per cent. of the labour force, its highest level so far this year; yet at the same time the increase of 0.6 per cent. in the wholesale price increase suggests that the inflation rate, while considerably lower than in the U.K., may be moving up again.

Federal Reserve

In contrast to the Ford Administration, the President-elect has publicly laid greater stress on the need to stimulate growth and reduce unemployment than on the fight against inflation. Until recently, it looked as though this order of priorities might take him on a collision course with the Federal Reserve Board, whose chairman, Dr. Arthur Burns, has consistently followed a firm line on monetary policy. It now appears, however, as if the fading of the recovery has helped bring Dr. Burns round more to Mr. Carter's way of thinking: last month Dr. Burns endorsed the President-elect's target of achieving a 6 per cent. growth rate next year, and of reducing unemployment to 6.5 per cent., and more recently there have been distinct signs of an easing of the Fed's monetary policy.

The dilemma of American economic policy-makers lies in the two-month gap between election and inauguration day, which makes it impracticable for either the outgoing or the incoming President to take effective action. The uncertainty that this creates can only be exacerbated by the loquaciousness of Mr. Carter and his associates: the recent steel price increases were partly triggered off by rather general allusions on Mr. Carter's part to the possibility of price controls, and while he has now publicly denied any intention of seeking wage and price control powers, fears that he may yet do so could precipitate additional price increases.

Hanging fire

Whether Mr. Carter's target of a 6 per cent. growth rate in 1977 is still attainable, in view of the downward revision of the estimates for the current quarter, must be in some doubt, even if he cuts tax rates and boosts employment by housing and other programmes, as he is widely expected to do. At all events, the director-designate of the Office of Management and Budget, Mr. Bert Lance, has publicly admitted that it will be "very difficult" to get the unemployment rate down to 6.5 per cent. next year. But if the economy is still hanging fire when Mr. Carter takes office in six weeks' time, the chances must be that he will go for a bigger rather than a smaller stimulus.

By that time, his Administration will have one important piece of information which could have a critical significance for the economic prospects, not merely in the U.S. but also in the rest of the world: the decision of the forthcoming Opec meeting on oil prices. America is now heavily dependent on imported oil, and until it is clear what is going to happen to oil prices, it will be very difficult for Washington to frame an appropriate economic policy.

From Paris, ROBERT MAUTHNER assesses the consequences of M. Chirac's advent as Gaullist leader

Giscard faces sharpened political conflicts


M. Chirac acknowledges the applause at the Gaullist rally that made him leader of the party once led by Gen. de Gaulle and President Pompidou, whose portraits loom behind him.

THE CROWNING OF M. Jacques Chirac as the new Gaullist emperor last Sunday marks the beginning of a new period of tension and strife in France. It could well produce major political upheaval and undermine the country's long-term economic recovery.

Thanks to M. Chirac and his followers French politics has again become polarised to an excessive degree in spite of all President Valery Giscard d'Estaing's efforts to prevent it. The President has exhorted his countrymen to give priority to the solution of their serious economic problems, but his appeals have had a lukewarm response. What people are really interested in is whether or not the Socialist-Communist Union of the Left will win the general election in 1978.

It is the rapidly growing popularity of the Left in the public opinion polls and its success in recent local and Parliamentary by-elections which have brought matters to a head. The Socialist Party, in particular, has the wind in its sails. Credited with more than 30 per cent. of the popular vote by public opinion polls and victorious in two of seven by-elections last month in which Socialist candidates ousted incumbents from M. Giscard's Independent Republican Party, the Socialists can currently *claim to be the strongest* political movement in the country. The Communists, it is true, have been losing ground, but not enough to undermine seriously the Left's prospects of winning both the municipal elections in the spring of 1977, and the general election in the following year.

A politician to his fingertips, M. Chirac, while he was Prime Minister, repeatedly warned the President against taking too lightly the progress of the Left. It was the President's failure to launch an all-out campaign against the Left which led M. Chirac to resign last August.

In an unprecedented statement after his resignation, M. Chirac accused the President of denying him the necessary authority to organise the coalition parties into an effective fighting force which could defeat the Union of the Left. Things were not quite as simple as that, of course. M. Chirac had also demanded early elections which, he claimed, would have boosted the coalition's chances. His whole strategy implied that the Gaullists would be the spearhead of the Government forces.

President Giscard, on the other hand, has always taken a much longer-term view of the situation. Elected on a reform programme, he hoped that his own followers, the Independent Republicans and other parties of the centre, would organise themselves into a coherent and powerful liberal movement which would attract support from both the moderate Left and Right. France wants to be governed from the centre, he has repeatedly proclaimed. There are many who believe that he will be proved right in the long run, but events over the past two years have made it increasingly improbable that it will be the choice of the voters in 1978. Even those who are naturally inclined to vote for a liberal reform party will tend to opt for a more extreme solution as long as they are presented with a stark choice between Right and Left. To put it more crudely, a victory of the centre in France is credible only when the Left is weak.

With hindsight, it would probably have been better for President Giscard to have dissolved the National Assembly immediately after his own election in May 1974, when his personal popularity and support for his policies were at their zenith. That would certainly have been risky, given the closeness of the vote in the presidential election but there was more than an even chance that a general election would have strengthened his support in Parliament.

Heavy price to pay

In complete disarray following the defeat of their own candidate, M. Jacques Chaban-Delmas, the Gaullists would probably have lost a large number of seats and with them their power to thwart the President. President Giscard chose the simpler solution of allying himself with the Gaullists and appointing one of their number as Prime Minister, not least because M. Chirac had supported him during the presidential election campaign.

The price he has had to pay has been heavy. Though a number of important social reforms have been put on the statute book, the Gaullists have become increasingly critical of the President's policies and his relaxed methods of government. Apart from his refusal to dramatise the political situation, M. Giscard has been accused of undermining the hallowed Gaullist principle of national independence by adopting a more Nato-oriented defence policy, and by his support for direct elections to the European Parliament. His proposals for a capital gains tax were heavily watered down in the National Assembly last summer, and it is doubtful whether any further major Giscardian reforms will be passed by the present Parliament.

While it is true that M. Chirac, in his inaugural speech after his triumphal election as president of a rejuvenated Gaullist party, now called the Rassemblement pour la République (Rally for the Republic), emphasised that the President of the Republic was the centre-piece of the French political system, and that the Gaullists would remain members of the coalition, his statement must be taken with a large pinch of salt. The Gaullists already are on record with their intention to oppose not only parliamentary ratification of direct elections to the European Parliament, but also the ratification of the changes in the IMF statutes agreed on in Kingston, Jamaica in January of this year. The proposals conflict with the Gaullist addiction to fixed exchange rates.

Indeed, according to one school of thought, they might well take matters so far that President Giscard will be forced to dissolve the Assembly many months ahead of the official date for the next general election. The crunch is likely to come some time in the late spring or the early summer next year, but it is clear that M. Chirac will tailor his tactics to the state of public opinion at the time. If he provokes a general election at the wrong moment, it will hardly favour the Gaullists' own prospects of surviving as a major political force, to say nothing of those of the other coalition partners.

The President's political advisers are hoping that M. Chirac will quickly realise the folly of leading the Gaullists into opposition on two fronts. Having set as the Gaullists' main target the defeat of the Left, which presupposes a joint effort by all the coalition parties, it would be illogical for him to provoke an irreparable split in the Government's forces, they claim.

Illogical perhaps, but even French politicians are not exactly celebrated for their respect for cartesian principles. How M. Chirac is going to reconcile his avowed aim of supporting the Government, while at the same time strongly reasserting the Gaullists' separate identity, is one of the great conundrums of present-day French politics. It will certainly require a tight-rope act of extraordinary skill. The stakes are high, for M. Chirac's chances of becoming President of France in 1981—and no one doubts that to be his ultimate aim—depend very much on the Gaullists' performance at the next general election.

It is easy, given the President's present attitude, to underestimate his political acumen. But those who do so may be making an expensive mistake. M. Giscard has frequently shown that he can achieve more with a rapier than others with heavy artillery. As short a time ago as last summer, following M. Chirac's resignation, he turned an extremely damaging setback to his own advantage. The appointment of M. Raymond Barre, a well-known economist with loose links with the Gaullist movement, to be M. Chirac's successor, was a political master-stroke which earned even the Gaullists' grudging admiration. The benefits may have been shortlived, but they do indicate that President Giscard is capable of making a come-back when all appears lost.

Certainly, his argument that economic problems require priority treatment is one that even the Gaullists cannot contest, given the deterioration in the situation over the past few months. From a purely political point of view alone, it is clear that the present coalition, including the Gaullists, cannot hope to win the next election without a sharp improvement in the country's economic performance.

President Giscard's track record on this front has been much less impressive than it was when he was still Finance Minister. Within the short space of one year he has been obliged to change direction twice. The heavy dose of reflation administered by M. Chirac's Government in the autumn of 1975 at a time of slack activity and rising unemployment had the desired effect of quickly stimulating the economy. But, while the industrial production index rose by more than 15 per cent. on a year-on-year basis to reach its pre-1975 recession level by September this year, and while production of consumer goods now exceeds the record level attained in 1974, an equally strong twist was given to the inflationary spiral and, as imports were sucked in, the trade balance went into heavy deficit.

Inflation rate

The rate of inflation is expected to rise to about 11 per cent. for 1976 as a whole, some 1.5 points above last year's level, unacceptably high given the fact that inflation in West Germany, France's main trading partner, is less than half as great. The trade deficit, which was expected earlier this year to total no more than Frs.5bn. (about £600m.) in 1976, will probably reach Frs.20bn., thanks to the heavy devaluation of the franc (18 per cent. against the D-Mark since January of this year), rising prices for imported raw materials, and massive imports of oil products in antic[ipation] of Opec price increases.

Though the fast expan[sion of] the economy in the fir[st half] of this year initially le[d to a] modest reduction o[f un]employment, the hundr[eds of] thousands of school-leave[rs who] came on to the market [this] autumn have again swoll[en the] number of workless to [more] than 1m.

Faced with this situat[ion, the] new Government led [by M.] Barre put on the brake[s in the] early autumn. Industr[ial prices] were frozen until the end [of the] year, public sector p[rices] blocked until April 19[77] reductions will be ma[de at the] beginning of next ye[ar,] guidelines were set [for] and wage increases of [no more] than 6.5 per cent. in 19[77. No] doubt, M. Barre wanted [to freeze] wages as well, but was pr[evented] from doing so for [political] reasons.

The full effects of th[e] plan are not expected [to come] through until early ne[xt year,] but results up to date [have not] been very encouraging, [to say] the least. The overa[ll price] index, which could ha[ve been] expected to respond imm[ediately] to the freeze imposed [at the] beginning of October ha[s failed] to do so. In October it went up again by 0.9 p[er cent.] as a result, mainly, of th[e prices] of the services sector [(restaur]ants, cafes, hairdresser[s and] shopkeepers) to resp[ect] price regulations.

Meanwhile, the expect[ation of] a slow-down in the economic recovery hav[e] had an adverse impact [on the] business climate in [France.] While the motor and [other] industries as a whole [are] booming, order books f[or capital] and semi-finished goods [are less] full than in the first ha[lf of the] year, and investments [continue] to flag. In the steel [industry,] where more than 50,000 will be laid off by th[e end of] the year, the situation i[s] critical. The climate i[s far] from satisfactory in th[e] chemical and constru[ction in]dustries.

Though M. Barre has rejected suggestions [that the] Government should giv[e a new] stimulus to the econom[y before] the effects of his anti-in[flation] measures have even ma[de them]selves felt, it cannot [be ruled] out that a number of [selec]tive expansionary meas[ures will] be adopted early next y[ear.]

The economic pictur[e, no less] than the political, the[refore is] far from bright, and [President] Giscard and his supp[orters re]main equally vulnerabl[e on both] fronts. Since the Presi[dent has] staked his reputation [on solv]ing the economic prob[lems, he] will have little credit [to fall back] on if he fails in this t[ask. The] dice are thus loaded aga[inst him] and the time that rem[ains for] present trends to be re[versed is] becoming desperately s[hort.]

MEN AND MATTERS

Checking on the SEC

David Macdonald agreed last night that mention of the tough American Securities and Exchange Commission tended to provoke pained expressions among City people. Early next year, between leaving merchant bankers Hill Samuel and taking up his new job as director-general of the City Take-over Panel, Macdonald plans to visit New York, Washington and Toronto. He intends to include the U.S. and Canadian SEC bodies on his itinerary to "have a look at them on the ground and learn just what the reason is for those pained faces."

Not that the experience is likely to change Macdonald's conviction, widely shared among his colleagues, that self-regulation remains the best way to police the Square Mile. Macdonald is the fourth director-general the Panel has had since its inception in the late 1960s, and his background brings the score to three merchant bankers against one accountant, the last being the present incumbent, Martin Harris.

Harris will have done almost two and a-half years as the Panel's executive head by the time he leaves. He came from accountants Price Waterhouse, though whether he returns there is uncertain.

Macdonald, 40, plans to do two years, or only a little more, at the Panel and then to return to Hill Samuel where he has headed the corporate finance side for the past six years. He trained as a solicitor in Slaughter and May, the old firm of Sir Robert Clark, now Hill Samuel group chief executive who recruited Macdonald.

The latter's banking career has had its unusual aspects: in 1971 he was involved in the emotional Upper Clyde Shipbuilders' situation as one of the "three wise men" appointed by the Conservative Government to advise on the restructuring of UCS. In the more sedate environs of the City, Macdonald has been chairman since 1975 of the Issuing Houses' Association.

That gives him a seat on the panel and put him at the head of the working party which recently issued the fourth rewriting of the code itself. His Hill Samuel work has inevitably led to his appearance before the executive, and he has been before the whole panel, always reckoned an awesome experience; he has not so far been on a losing side.

Back to Garden

Hatton Garden is synonymous with the diamond trade so it seems only reasonable that the L. M. Van Moppes business, in diamonds since Louis Van Moppes arrived in Britain from Holland in 1893, should have an office there. In fact, the company was advised to leave the area at the start of the last war, and only returned this week to take a few pleasant but not opulent rooms in a new block.

Nicholas Van Moppes, the present managing director and great grandson of the founder, explained yesterday that the company settled in Basingstoke, and for years diamond customers were generally people with the time to travel out to Hampshire.

Now, however, most business people have little time to spare, making an office in the capital essential again. Van Moppes, part of the Unicorn Industries group (formerly Universal Grinding Wheel) manufactures industrial diamond products and trades in whole diamonds and diamond powders. The latter is the speciality of Nicholas Van Moppes, who said that customers tended to prefer dealing with members of trusted families, like, on the grand scale, the Oppenheimers.

The future of the Van Moppes connection with the trade is a little uncertain at present. The next generation's only representative to date is the managing director's five-year-old son. With all the talk of diamonds, Van Moppes had to admit yesterday that security restraints prevented anyone having a peek at the real thing in the new London office: "There's not a diamond on the premises."

"But if we take out all the four-letter words it'll be an instrumental!"

Punkery

Remember the Rolling Stones, Sir John Read, chairman of EMI, did not actually mention them yesterday but he might well have done when he read out an unusual and lengthy statement on the delicate matter of public taste. For his company has been thrust unwillingly into the limelight over the unpleasant public utterances and behaviour of the Sex Pistols rock group, who have a two-year £40,000 record contract with EMI.

Yesterday's explanations by EMI—the company is now considering whether or not to sever that contract—came after yet another obscenity-spattered performance by the "punk rock" group and were delivered in a somewhat unusual setting. The occasion was EMI's annual meeting, held in the modern setting of the New London Theatre. The audience hardly loked like punk rock addicts; and as well as Read, the grave-faced line-up of directors on the theatre stage included Sir Geoffrey Howe, ex-Tory minister and Lord Shawcross.

Read talked about the difficulty of making value judgments on what is acceptable in an increasingly permissive society: "What is decent or in good taste compared to the attitudes of, say, 20 or even ten years ago?" he asked.

The Sex Pistols had been taken on as "showing some promise," and "it must be remembered that the recording industry has signed many pop groups, initially controversial, who have in the fullness of time become wholly acceptable and contributed greatly to the development of modern music."

Read promised a review of "general guidelines" on the contents of pop records and said EMI would do all in its power to restrain the public behaviour of the group, though he admitted the company lacked "real control" in that area.

There is no doubting the embarrassment felt at EMI over the Sex Pistols episode. As for the youngsters at the centre of the present storm, an EMI spokeswoman said they were polite and reasonable around EMI recording studios and "always behave beautifully when they come to the office."

Read, digest

Hear about the big game hunter who died suddenly while on safari? Something he disagreed with ate him.

Observer

صكتا من الاجل

A strategy of restructuring Britain's industrial truck industry is being pursued by two leading companies. **Kenneth Gooding** reports.

Round of mergers among forklift makers

' FIRST sight it would seem
it the Government's industrial
ategy programme has already
1 a tremendous impact on
· industrial truck (fork-
) industry. After all,
still-unpublished stra-
y report from the indus-
's Little Neddy concluded:
iere is need to achieve a
asure of effective restructur-
of the British-owned sector
the industrial truck industry
the U.K., enabling it to be-
ne a more effective force in
rld markets through the
ter use of the industry's fin-
ial, production- marketing
l manpower resources."

Since that was written in May,
re has been a spurt of acti-
y among the British com-
nies. Lansing Bagnall and
nley Forklift announced a
rger. Then last week
ventry Climax and Rubery
en Conveyancer said in
newhat convoluted terms,
t they were also looking at
ossible merger.

Ten years ago, an unpublished
ort by the Industrial Reorg-
sation Corporation recom-
nded rationalisation for the
ustry in exactly the same
ms as the Little Neddy paper.
s suggestion was that a Bri-
t group should be formed
ich would within a few years
ieve an annual capacity of
least 10,000 trucks, compared
h the then capacities of the
ding U.S. manufacturers of
,000 to 20,000 a year.

But the truth is that what
been happening in this in-
stry has much more to do
h the personalities of the
ior managers involved, with
ancial opportunism and the
y intense, somewhat fanatical,
alry between some of the
npanies rather than any al-truistic view of "what is good for Britain."

The event which set off the current manoeuvres was the Government's financial rescue of British Leyland last September. Tucked away inside its Special Products division, Leyland has Coventry Climax, an industrial truck company with good products, a respectable £20m. of turnover but one which has been starved of expansion funds over the years as Leyland's ever-hungry car division devoured all the available spare cash.

Given financial breathing space, Climax has taken up an aggressive expansionist posture which, not surprisingly, mirrors exactly the personality of Mr. David Abell, the 33-year-old chief executive of Special Products.

Side-loading

Only a few months after Leyland was taken over by the National Enterprise Board, Mr. Abell announced a £8m. investment programme for Climax aimed at doubling its capacity to 5,000 units a year by 1980. And £450,000 was spent acquiring the assets of Joshua Shaw of Batley, a purchase which closed a glaring gap in the Climax range for Shaw was primarily concerned with making side-loading trucks. (Industrial trucks can be mainly classified as "counter-balanced" or "reach" trucks which have the carrying equipment at the front, and "side-loading" which are used for lifting really heavy and large loads, the kind which would either tip a truck forward or prevent the driver seeing where he is going if carried at the front).

Lansing Bagnall, Climax's biggest rival and undoubtedly the largest of the U.K. companies—in both cash sales and volume of trucks manufactured it is twice Climax's size—in October decided to take Henley Forklift under its wing. As with Climax's acquisition of Shaw, this added side-loading trucks to Lansing Bagnall's range.

Publication of the industrial truck industry Little Neddy strategy paper is said to have had some influence on Sir Emmanuel Kaye, the man who built up Lansing Bagnall over the past 15 years, and helped make up his mind about taking Henley into his group.

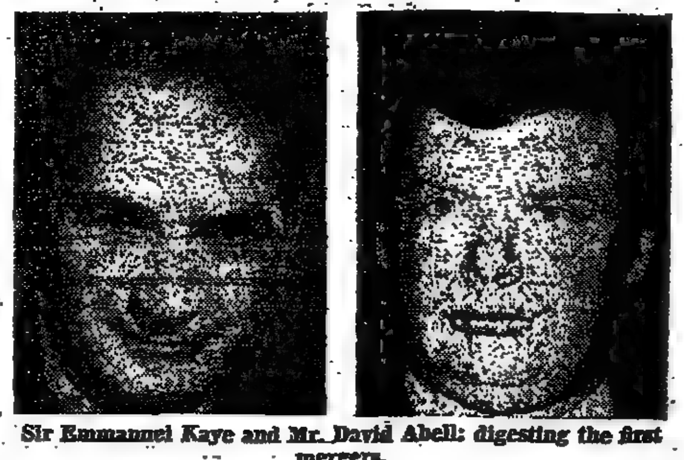
About the time the Lansing Bagnall-Henley merger was being announced to the public, Mr. David Owen, chairman of Rubery Owen, decided to take some firm action over Rubery Owen Conveyancer, his group's industrial truck business.

Like Sir Emmanuel Kaye, he was to some extent influenced by the industrial strategy report. He supported the view that the U.K. part of the industry needed to be restructured. But Mr. Owen was convinced that Conveyancer was not the right company to provide the nucleus of a major U.K. grouping.

There were other, important, considerations: Conveyancer has been losing money at a time when the rest of the Rubery Owen group—it is a prominent engineering components supplier—has been recovering fairly well from recession.

Not that Conveyancer is a persistent loss-maker. It is only during the past two years that it has been in the red. Quite severe steps have already been taken to change that situation. One factory has been closed and the company is currently in the process of negotiating a 220 (or 12½ per cent.) reduction in its 1,600 workforce.

Mr. Owen believed that Conveyancer should be back into profit next year, but he judged



Sir Emmanuel Kaye and Mr. David Abell: digesting the first mergers.

the time was ripe to seek from the Department of Industry some of the cheap Industry Act cash it had to offer. Specifically he had in mind that an Industry Act loan might be used to "sweeten" a merger between Conveyancer and another U.K. industrial truck concern.

There were only two directions to look when seeking a partner. It had long been obvious that if the U.K. industry were to be restructured the restructuring would centre on Lansing Bagnall or Climax. (The industrial strategy view is that the three multi-national manufacturers in the U.K., Caterpillar, Eaton and Hyster, cannot be involved because the whole concept is that the U.K. should have an industry of its own with a reasonable chance of taking on these big companies in the international market place.)

At first sight it did not seem that Conveyancer would make a good fit with either of these companies. Like them, Conveyancer is heavily committed to the production of trucks capable of lifting loads between 3,000 lb and 10,000 lb, the part of the market where demand is strongest.

So the fact that Conveyancer looks like ending up as a partner, not of the independent, privately-owned Lansing Bagnall, but of the NEB-controlled Climax immediately leads to the thought that perhaps the Department of Industry persuaded the NEB to "lean" a little on Climax which, in turn, could be going into the deal against its better judgment.

Certainly Mr. Abell of Climax was at first not at all interested in Conveyancer. But then Owen approached him personally and persuaded him to take a Climax management team to the main Conveyancer factory at Warrington, to look around and to have some preliminary chats with the Conveyancer executives.

That visit changed Mr. Abell's mind. Within four days he had informed the NEB's chairman Lord Ryder that the announcement about serious talks would have to be made. This was the first time that Lord Ryder or the NEB became involved.

There were several things which particularly impressed the Climax team at the Conveyancer plant. The factory itself was well-equipped and built only in 1956.

Then on closer examination, according to Mr. Abell, the range of products was much more complementary than it at first appeared with Conveyancer being more strongly represented in the 3,000 lb to 6,000 lb trucks and Climax more powerful in the 6,000 lb to 10,000 lb range.

If a deal is worked out there is almost certain to be some Industry Act money made available to help the companies over the first months of the merger. This would carry a low rate of interest whereas any cash from the NEB has to be borrowed at commercial rates.

Undoubtedly Lansing Bagnall could have put up an equally strong case for a low-interest State loan in connection with the Henley merger. Lansing Bagnall concentrates mainly on making electric powered trucks and Henley is stronger in the diesel powered sector of the market, so the ranges seem well suited. The companies expect that the broader range of equipment they can offer as a result of the merger will strengthen their position in overseas markets—Henley already exports nearly all its output, but that is likely to change soon when deliveries in connection with a big order from Russia for side-loaders are completed—while Lansing Bagnall is right in line with the industry average and exports 40 per cent.

However, the independently-minded Sir Emmanuel Kaye probably never gave more than a passing thought to the idea that he might approach the Department of Industry for an Industry Act loan.

Unfashionable

Even with Lansing Bagnall merged with Henley and Climax with Conveyancer, the U.K. industry will still be represented by comparative minnows in a sea full of pretty sharks. In no way will these companies compare in size with the industrial truck operations of Caterpillar, Eaton (the Yale truck makers) Clark Equipment, Hyster of the U.S. or of Komatsu and Toyota of Japan which each have capacities anywhere from 35,000 to

Now the fashion for restructuring has been set among the U.K. groups it could continue for some while—once Climax and Lansing Bagnall have digested the first mergers.

In this respect, the industrial strategy will have an important role to play—not the least in justifying mergers at a time when mergers are unfashionable—and in heading off any possible Monopolies Commission problems.

Of course, it must be remembered that one reason why the companies so readily accept the ideas put forward in the industrial strategy paper is that they themselves helped to write it. The Little Neddy which produced the paper is made up in the main of managers and trade unionists from within the industry, an industry which employs about 14,000 people producing fork lift and other trucks worth around £106m. a year.

The Little Neddy insisted that structural change is a central issue in the industry. "It would have been possible to tackle a variety of other issues identified as inhibiting growth, but without attention to this over-riding issue, the likelihood of achieving a stronger industry would be low."

It suggested that both financial support (through the injection of working capital and long-term capital) and a degree of corporate rationalisation (by merger or other means) are necessary if the British-owned industrial truck industry is to meet foreign competition, maintain its export performance and strengthen its position.

The underlying problem is the industry's fragmentation—there are a dozen U.K. industrial truck companies whereas the other industrialised countries have only a few each. In the U.S. only five predominate and France has only one.

Although the individual companies are reasonably efficient and have good labour relations, they tend to be under-capitalised and certainly the industry needs to standardise more the components it uses and reduce the number of brand name models.

The Little Neddy insisted that the need for restructuring was urgent and that the companies should, as far as possible be left to achieve the necessary results themselves. So far everything seems to be going according to plan. And the signs are that the next dramatic change in the industry is not too far away.

Letters to the Editor

Current cost accounting

From Mr. D. Essex.

Sir,—If the directors consider
substance of the business
be its productive capacity,
ore striking distributable pro-
in the appropriation account,
y will have to reverse any
ustments made in the profit
l loss account to the depre-
tion of modern equivalent
ets for differences in operat-
costs and operating life.
pendix 2 of ED18 (Account-
g Standards Committee) needs
panding in this respect.

David Essex.
Cambridge Road,
mbleton.

Understated profits

From Mr. R. Harris.

Sir,—I hope that it is not
y because I am not a quali-
l accountant that I am unable
understand why the Morpeth
nmittee proposes that it
uld be optional whether a
npany adjusts the value of its
ncial assets and liabilities to
er inflation. If it does not
ke this adjustment its profits
likely to be seriously under-
ed and its shares correspond-
y undervalued on the Stock
hange.

This could lead to the com-
y being taken over at less
n its real value, as often
pened in the 1950s, before
estors realised the importance
price/earnings ratios. This
ld mean bigger golden hand-
kes for some directors, but it
ld hardly be in the interests
shareholders or employees.

nce there would appear to be
technical problem involved
adjusting the value of finan-
assets and liabilities by the
ex of Retail Prices, it should
made compulsory for com-
ies to do so.

ard Harris.
8,
Haverstock Hill, N.W.3.

Ephah small and shekel great

m The Rev. Dr. J. C. O'Neill.

r.—If the Inflation Account-
Steering Group under the
rmanship of Mr. D. S.
peth is superstitious enough
umber its thirteenth draft 14
n and Matters, December 1);
seventeenth draft numbered
needs to be examined with
cial care. Those who believe
God who punishes our thir-
nth attempt but will not
ce if we call it 14 are likely
nore serious matters to give
advice.

nd so it turns out. They
erestimate man's proneness
vil. On their system of cur
cost accounting the company
ft to strike its own valuation
he current replacement cost,
ead of submitting to others'
gment of the current purchas-
power of its assets.

It wise to open new ways
making the ephah small and
shekel great and for dealing
eitfully with false balances
nos 8.5)?

. O'Neill,
fessor of New Testament,
tminster College, Cambridge.

Not a balanced view

m Mr. B. M. O'Regan.

r.—Sandilands was cate-
cal on the treatment of
etary assets and liabilities.
peth has adopted a more
ivocal stance on monetary
s but otherwise has sancti-
Sandilands.

In the partial canonisation of Sandilands as a minor saint of modern finance, there is a total disregard of the real situation of most reasonably or heavily capital intensive businesses, the nature of their assets which often have international values totally unrelated to any U.K. index of replacement value, or of the method of finance of such assets.

Douglas Morpeth's article (December 1) gives the example of a house purchased some time ago for £10,000 and now worth £20,000. Under current cost accounting (CCA), there is no gain to the owner as a replacement house would also cost £20,000. There can be no disagreement with this simple example. But this is only dealing with the accounting of the asset. CCA pays no regard to the financing of the asset. If the house owner had taken an 80 per cent. mortgage to finance the purchase and had after, say, 10 years repaid one-third of the loan he has a very real gain indeed in periods of high inflation. His monetary liability in constant pounds has decreased and his real equity has increased. Using the example of the house but this time taking account of the monetary liability, the net worth to the owner has increased from £2,000 (£10,000—£8,000 mortgage) to £14,667 (£20,000—£5,333 mortgage outstanding). CCA fails to measure this gain. This simple example can be paralleled in industry to show equally that CCA as a measure of the effect of inflation on assets is acceptable but in ignoring monetary items simply does not provide a balanced view. I await to be converted.

B. M. O'Regan.
"Mohali,"
13, Tollgate Drive,
Dulwich, S.E.21.

The miners' pensions

From Mr. N. Ross.

Sir,—As you know, the National Union of Mineworkers has indicated the miners' desire to retire at age 60 from next January and eventually (by 1980) to retire at age 55. If I understand the situation correctly, it also appears that the object of the Union is that its members should retire without loss of earnings, which presumably means on a pension equal to 100 per cent. retirement pay. The National Coal Board has rejected this demand and the NUM is to ballot its members.

During various comments about the negotiations nowhere have I seen any mention of the likely attitude of the Inland Revenue Superannuation Funds Office. It is conceivable that it would be prepared to agree to a retirement age as early as 55, for underground workers at any rate, and perhaps even for other mineworkers. I certainly do not profess to have sufficient knowledge of the mining industry to be able to offer any useful comment as to the relative strain of the job on a surface worker as opposed to an underground worker, but it is likely that the SFO would wish to take this kind of thing into account when determining whether it would approve a retirement age as early as 55.

What is certain is that the SFO's absolute limit on pension is two-thirds of final pay, and while the pension industry has long felt that this is on the low side and, perhaps, 80 per cent. might be more realistic, nevertheless two-thirds is the absolute limit as far as the SFO is concerned. Because of the various taxation disadvantages if the pension fund is not Revenue approved, it is quite certain that Revenue approval of the mineworkers' pension scheme would be regarded by the miners as essential.

I wonder to what extent this point has been taken into account at all during these negotiations. I certainly have seen no mention of it. It follows, of course, that mineworkers' demands could have repercussions outside their own pension scheme and right across the pensions field. If it is considered that they should be allowed to retire on a pension of 100 per cent. of earnings then presumably the Revenue's normal two-thirds restriction would be swept away and all pension schemes and arrangements would be allowed to go up to the 100 per cent. level.

N. Ross.
71, Buckingham Road,
Wilmslow, Cheshire.

Closed shops

From Mr. J. Gore-Browne.

Sir,—You state (December 1) that "the trade unions believe that the negotiation of closed shop agreements is a legitimate and effective means of advancing their members' interests." I wonder if that is entirely true. Traditionally, two of the most important functions of the shop steward are to recruit new members and collect union dues. With a closed shop both these functions tend to disappear because union membership becomes compulsory and because a system of docking union dues automatically from pay packets becomes simpler to administer. In effect the shop steward loses two important points of contact with the members. Some people think that this development could lead to a decline in the authority of the unions over its members.

Thus from a managerial point of view a closed shop may lead to better relations with the union but it does not follow that there is necessarily an improvement in relations with the workforce as a whole.

My own view is that when a union or unions can demonstrate that more than 90 per cent. of employees in any one area are unionised a "closed shop" is a legitimate demand. It may not be a sensible demand from the unions point of view but it is legitimate. I can well understand the frustration of a hard working union official successfully negotiating a series of benefits for employees who are not members of his union. It amounts to oppressive action by a minority. Indeed there is a parallel in the Companies Act which states that when a company owns 90 per cent. of the shares in another company it can compulsorily purchase the remainder. Most would regard this as good law and I don't see why a similar arrangement should not apply to closed shops. To my mind, however, the legitimacy of any demand for a closed shop disappears if less than 90 per cent. of the employees are union members.

James Gore-Browne.
10, Homston House,
Kensington Court Place, W.8.

Drinking and driving

From The Chief Executive, Beddall, Bradford

Sir,—While I was very interested in John Philips' article on "Drinking and Driving" (Dec. 4), I think your readers should know that there is at least one other interpretation of the effect of the Rehabilitation of Offenders Act upon drink/driving offences and if they accept this advice "in toto" they could be in trouble with their insurers.

The Road Traffic Act, 1972, as amended by the Road Traffic Act, 1974, provides that for the breathaliser (and related) convictions there is, among other penalties, an obligatory endorsement of the offender's licence for 11 years. Section 5(8) of the Rehabilitation of Offenders Act provides that:—

"Where in respect of a conviction an order was made imposing on the person convicted any disqualification, disability, prohibition or other penalty, the rehabilitation period applicable to the sentence shall be a period beginning with the date of conviction and ending on the date on which the disqualification, disability, prohibition or penalty (as the case may be) ceases or ceased to have effect."

If the endorsement is a "penalty" within the meaning of the Act (and any unexpired endorsement is highly relevant if there is a subsequent conviction—as those with three speeding convictions know to their cost), then the drink/driving conviction is not spent until the endorsement can be deleted from the licence after 11 years.

If, therefore, a motorist completes a proposal form asking for all convictions and says that he has none when he has an endorsement still sitting on his licence, he could be guilty of a mis-statement giving insurers the right to avoid the contract with dire financial consequences for the insured if he has been involved in a serious accident.

Until this point is cleared up either by further legislation (God forbid) or by the Courts, the only safe advice for those with breathaliser convictions is that they should not regard themselves as rehabilitated until after 11 years.

Incidentally, this is not the only point of obscurity concerning the effect of the Rehabilitation of Offenders Act on motoring offences.

J. A. G. Stonehouse.
Beddall Bradford and Co.,
Hermitage Road,
Hitchin, Herts.

Company cars

From Mr. J. Locke.

Sir,—The figures quoted by Mr. J. Tennent on company cars (November 30), are highly inaccurate. It is simply not correct to calculate depreciation at a rate appropriate to a period of nil inflation on the one hand, and on the other to assume interest rates which are appropriate to a period of high inflation. Over the last two or three years annual depreciation has been substantially less than the 20 per cent. quoted by Mr. Tennent, owing to the increase in second-hand values caused by inflation. The figure of 20 per cent. is roughly the amount of depreciation, based on replacement cost (that is, "real" depreciation). This is certainly more realistic, but should be combined with "real" interest of 2 per cent. or 3 per cent., not the 17 per cent. used in the calculations.

The amounts included for maintenance and other costs were excessively high. Recent figures published in the motor trade Press suggest that Mr. Tennent's costs are at least 100 per cent. overstated on this count, and in total by perhaps 50 per cent.

J. E. Locke.
"Jesmond," 14, Wattleton Road,
Beaconsfield, Bucks.

To-day's Events

GENERAL

International Monetary Fund holds gold auction, Washington.

Scottish TUC delegation discuss industrial problems with Prime Minister and Cabinet members.

EEC Commission meets, Brussels, and is expected to announce measures to aid European steel industry.

First day of miners' ballot on early retirement.

BBC annual report and accounts.

Mr. Anthony Wedgwood Benn, Energy Secretary, addresses public meeting of Battersea Labour Party, Town Hall, 7.30 p.m.

Final day of Financial Times conference, Oil in Deeper Waters, Birmingham Metropole.

Offshore International Exhibition, National Exhibition Centre, Birmingham (until December 10).

Annual meeting of Newham North-East Labour Party (constituency of Mr. Reg Prentice, Minister for Overseas Development).

Confederation of Shipbuilding and Engineering Unions conference opens, York.

Airline Users' Committee annual report.

CBI West Midlands Regional Council meets.

"Overseas Investment in Wales," a one-day conference organised by Development Corporation for Wales, Royal Hotel, Cardiff, 10 a.m.

Sir Robin Gillett, Lord Mayor of London, attends Cutlers' Company Boar's Head Feast, Cutlers' Hall, E.C.3.

PARLIAMENTARY BUSINESS

House of Commons: National Insurance Surcharge Bill, committee and remaining stages. Debate on effect of 1944 Education Act on House of Lords Tameside ruling.

House of Lords: Debate on Royal Commission on standards of conduct in public life.

Committees: Expenditure Committee. Trade and Industry sub-committee on fishing industry. At 4 p.m., Planning Procedures. Nationalised Industries Committee. Sub-committee C on Horserace Totalisator Board. Sub-committee B on British Steel Corporation.

COMPANY RESULTS

GEC (half-year). Hanson Trust (full year). Pilkington Brothers (half-year).

COMPANY MEETINGS

Bailey (Ben) Construction, Doncaster, 12. Cope Allman International, Dorchester Hotel, W., 11. Eleco, Hoddesdon, Herts, 12. Goodwith (R). (Engineers), Brassington, Derbyshire, 2.30. Guildhall Property, Winchester House, E.C., 12. North Atlantic Securities, Bucklersbury House, E.C., 2.45. Spencer Gears, 10, Belgrave Square, S.W. 12.

COMPANY NEWS + COMMENT

Record £2.37m. by NSS Newsagents

ON SALES, up from £29.27m. for 52 weeks to £39.35m. for the 53 weeks to October 3, 1976, pre-tax profit of NSS Newsagents advanced from £1.94m. to a record £2.37m., after £1.17m. (£0.93m.) for the first half.

Earnings per 10p share for the year rose from 5.47p to 6.86p and the dividend is lifted from 1.72758p to 1.9003359p with a final of 1.3003359p.

	*1975-76	1974-75
	1976	1975
	£000	£000
Sales	39,375	29,273
Profit before tax	2,371	1,942
Taxation	1,211	1,016
Net attributable	1,160	926
Pref. dividend	7	7
Ordinary	320	246

* 53 weeks

The number of retail branches increased to 349 (316).

● **comment**

The slowdown in sales growth at NSS from 40 per cent. in the first half to 30 per cent. in the second is not surprising considering the hot summer's effect on confectionery sales. Admittedly this was offset to some extent by higher ice cream and soft drink sales, but combined with lower tobacco sales, after the Budget's duty increase, the trading picture was hardly buoyant. Margins also suffered, falling from 6.4 per cent. in the comparable period to 5.8 per cent., reflecting a substantial wage award at the beginning of July, and the relatively low rate of cover price increases in newspapers and periodicals—the company's biggest margin line. Nevertheless, a round of cover price increases is looked for early in the New Year, and NSS could maintain profits growth in the area of 20 per cent. The shares rose 3p to 48p on the figures, where the p/e of 6.8 and yield of 8.3 per cent. are not out of line with the sector.

HIGHLIGHTS

Profits for the year are sharply higher at Ranks Hovis, reflecting a recovery in bread and good growth elsewhere, both at home and overseas, while Standard and Chartered is virtually unchanged at the half-way stage. Lex also covers the latest episode in the Dunford and Elliott and Johnson and Firth Brown bid, now that the latter has sent out its formal document, as well as the market following the issue of a new long tap stock. *The effects of the hot summer on confectionery sales* explains the slight downturn in the growth rate at NSS in the second half, while a static level of sugar prices has helped *Geo. Bassett where profits are 28 per cent. to the good.* Stock profits have clearly been a boost to both May and Hassell and Bambergers while a substantial turnround out of losses at *Culter Guard Bridge reflects a continuation of the recovery* trend noticeable in the second half of last year.

Sir Hugh Fraser in £1m. shares transfer

Shares worth just over £1m. in Scottish and Universal Investments have been transferred from a family trust to the personal *holding of Sir Hugh Fraser.* The transfer is said to have been made "for personal taxation reasons."

Sir Hugh's personal holding in the company is 14.8 per cent. as a result.

The shares—a total of 1,664,366—were transferred from the Hugh Fraser 1960 Trust. They bring *Sir Hugh's beneficial* and trustee interests in SUITS to 32.79 per cent., a figure raised to 36 per cent. by other Fraser family holdings.

Sources close to SUITS said there was no link between the transfer of the shares and the recent developments. It is understood that Sir Hugh had been advised that under capital transfer tax regulations there was no advantage in keeping the shares within the trust.

Elson & Robbins tops £1m.

FOLLOWING the rise from £429,218 to £645,848 in the first six months, pre-tax profits of Elson and Robbins increased to £1.14m. in the year ended September 30, 1976, compared with £0.81m. in 1974-75. Turnover was higher at £9.96m. against £7.91m.

Earnings per 25p share are 8.31p (3.84p) and a net final dividend of 1.702p lifts the total from 2.547p to 2.802p.

Mr. E. R. Keeling, chairman, is confident that should there be no serious deterioration in the economic climate, the group companies are in a good position to maintain and strengthen their activities, and also take advantage of expanding export opportunities.

In the absence of unforeseen circumstances, the Board is likely to be reporting another increase in sales and profits in the year ahead, he says.

After tax of £587,796 (£416,866) net profit in 1975-76 is £552,472 compared with £389,682.

Preference dividends absorb £3,900 (£4,050) and the Ordinary, £184,932 (£168,102). An amount of £1.56m. (£1.19m.) is carried forward.

The turnover of the parent company increased from £4.31m. to £5.88m. and profits before tax from £433,320 to £699,681. This improvement was achieved mainly as a result of increased sales of the Metals division, coupled with the recovery of the motor industry.

Exports advanced during the year from £452,401 to £895,215. "We view the possibility of increased exports with optimism and greater efforts will be made to achieve higher sales abroad," says Mr. Keeling.

● **comment**

The recovery in the motor industry helped Elson and Robbins increase its profits by 41 per cent. on a 26 per cent. increase in turnover. Most of the improvement came from the parent company whose profits (up by 61 per cent.) account for about two-thirds of the total. That, together with the equal performance at Thomas Webster, more than offset the setback at the other subsidiaries. So the shares responded with a 7p rise to 37p where the yield is 12.2 per cent. and p/e is 4.2. Although demand from the furniture industry is likely to fall off, there could still be some strength on the motor side. And that gives some base to the shares at this level.

£1m. more profit for FFI

By Margaret Reid

Finance for Industry, the bank-backed group which runs a £1bn. medium-term lending facility for industrial concerns, has now advanced £148m. under this scheme, which was set up early in 1975 to ease pressure on the liquidity of companies. Total loans of some £210m. have now been approved under the arrangement, a figure which has not increased much in the past few months, since demand has been held down by economic uncertainties.

This emerged yesterday as FFI, also including Industrial and Commercial Finance Corporation, which invests in small companies, disclosed that its pre-tax profit had been £1m. higher at £4.2m. in the six months to September, after allowing for a special transfer of £1m. to its pension fund. In the full year, 1975-76, pre-tax profit was £7.5m.

Income increased by £9.6m. to £35.7m., reflecting the expansion of lending activities and profits obtained through the sale of investments by ICFC. In the half year, ICFC carried out 147 transactions involving new or increased investments, compared with only 116 a year earlier. The total amounts invested was £11.7m., against £9.4m.

Higher interest on borrowings of £26.8m., compared with £20.3m., *and provisions of £4.7m., against* £2.6m., were set against the group's gross income.

After a much higher tax charge of £2.5m., including £700,000 for prior years, against only £388,000 previously, and minority interests, net profit was £890,000 lower at £1.7m., in the whole of 1975-76, the figure was £4.3m.

An FFI spokesman said yesterday of the major £1m. transferred to the pension fund in the recent half-year: "Three years ago we decided to have a self-managed fund. Thus it is a relatively young fund. When we did the triennial reviews, it was undervalued and we had to put this money in."

Statement Page 22

Davy's water treatment integration

Due to the increasing size and complexity of major water and effluent treatment projects worldwide, Davy International has integrated the technical marketing and operational management of its two principal water treatment companies: Davy Water Engineering in London and Bamag Verfahrenstechnik in Butzbach, Germany. The two companies, which remain at their present addresses are renamed Davy Bamag Gmbh and Davy Bamag Ltd.

Bambergers strong recovery

FOREST PRODUCTS and building materials group, Bambergers, reports first half turnover up from £16.34m. to £18.9m., and a recovery in pre-tax profit from £451,000 to £925,000.

Although trading conditions are tougher, sales of panel products, particularly those which are home produced, are continuing to grow, and this now accounts for an increasing part of the forest products business. "The results for the second half of the year should be satisfactory, says Mr. C. D. Woodburn-Bamberger, the chairman. Profit for the year to March 31, 1976 contracted from £1.51m. to £0.94m.

Earnings per 25p share for the half year increased from 2.3p to 4.3p, and the interim dividend is stepped up from 0.665p to 0.7315p net. Last year's total was 2.6012p—earnings 4.1p.

	Six months 1976	1975	Year 1975-76
	£000	£000	£000
External sales	18,898	16,340	[illegible]
Profit before tax	925	451	938
Taxation	501	[illegible]	[illegible]
Net profit	424	[illegible]	417
Extra-ord. credits	16	—	[illegible]
Available	440	[illegible]	[illegible]
Preference div.	11	[illegible]	[illegible]
Ordinary	77	64	[illegible]

* Dividends waived. † Debit.

● **comment**

Although flattered by comparison with a depressed period, Bambergers interim performance *reflects a significant advance by* the forestry products division. This stems from a combination of stock profits, following the recent increases in timber prices, and some improvement in demand which appears to have come mainly from the export packaging industry. However, there now seems little chance that the second half of the year will prove as profitable as the first. For one thing, the escalation of timber prices which led to the first-half stock profits now seems to have ended and for another, demand generally must now be suffering *from the building industry depression* which can only be exacerbated by the proposed Government cutbacks. This should still allow full-year profits of around £1.75m., which would cover a maximum dividend yielding 16.1 *per cent., at 29p almost 3 times.* But, it would still be unwise to expect the market to treat the shares anything but cautiously in the immediate future.

B'ham Mint well up at halfway

FIRST HALF (to September 30, 1976) turnover of Birmingham Mint increased from £3.35m. to £4.29m., and pre-tax profit expanded from £70,000 to £266,000, including a profit of £20,000 (loss £11,000) on metal stocks.

Present indications are that this level of profit will be at least maintained during the second half, the directors state. Profit for the year to March 31, 1976 was £261,000.

Tax for the half year takes £117,000 (£36,000). The interim dividend is raised from 1.12p to 1.5p net per 25p share. Last year's total was 3.92p

Main contributors to the improved results are the currency minting and collectors' marketing subsidiaries.

The forward order books for minting remain good and benefits of the £1m. reorganisation and investment programme are becoming apparent as it nears completion, the directors state.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Archimedes Inv. Tst. 2nd int.	2.86	Feb. 15	2.47	4.68	4.29
Bambergers int.	0.73	Jan. 24	0.67	—	2.6
Bank Bridge	Nil	—	Nil	Nil	0.2
Geo. Bassett int.	1.04(b)	Feb. 7	0.78	—	4.82
Birmingham Mint int.	1.5	Jan. 20	1.12	—	3.92
Brit. Bldg. & Engrg. int.	1.0	—	1.0	—	2.44
Carless, Capel int.	0.33	Jan. 21	0.3*	—	0.75*
Castings int.	0.38	Jan. 21	0.38*	—	1.48*
Chapman (Balham) int.	1.48	—	1.48	—	3.92
Churchbury Estates int.	1.59	Jan. 24	1.45	—	3.77
Cronite	1.89	—	1.89	2.42	2.42
Elson and Robbins	1.7	Feb. 2	1.55	2.8	2.55
Harold Ingram int.	1.29	—	1.17	—	2.56
Kelsey Ind.	1.9	Feb. 2	1.63	2.9	2.63
Lanca	0.65(a)	Dec. 31	Nil	0.65	Nil
John J. Lees int.	0.5	Jan. 17	0.45	—	1.71
May and Hassell int.	0.84	Feb. 4	0.76	—	2.49
Nthn. Irish and Scottish	0.45	Jan. 22	0.35	0.7	0.62
Nottingham Brick	3.77	Feb. 23	3.61	7.27	6.61
NSS Newsagents	1.3	Feb. 15	1.19	1.9	1.73†
B. Paradise int.	1.05	Feb. 22	1.05	—	2.1
Ranks Hovis	1.74	Jan. 28	1.58	2.94	2.68
Standard Chartered int.	7	Jan. 31	6.75	—	16.75
Stonehill int.	3.0	April 7	3.0	—	8.0
Warnford Invest. int.	2.09	April 26	1.66	—	4.36
J. Williams Cardiff	1.30	Feb. 4	1.12	1.97	1.79

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For year ended December 31, 1975. (b) To reduce disparity.

Kelsey Industries tops £1.65m.

A SMALL increase in sales from £12.12m. to £12.15m. by Kelsey Industries, was accompanied by an advance in pre-tax profit to £1,653,957 against £973,600 for the year ended September 30, 1976.

Earnings per 12½p share climbed to 20.2p (11.8p). The final dividend is 1.89625p net (1.63375p) making a maximum permitted total of 2.59625p against 2.63375p last year.

After tax of £878,074 (£526,060) the net profit was £875,883 (£452,540).

All operating companies have contributed to the results and exports and overseas operations account for half of the sales of manufactured goods.

A plan is in hand to build additional warehousing on a site adjoining the company's premises at Hemel Hempstead. This, together with equipment, will cost £250,000 which will be met from existing resources.

The directors say the order book is still short term and, although the fall in sterling may be helpful in obtaining export business, the corresponding effect on raw material prices makes it difficult to contain costs.

Much also depends on the prosperity of customers at home and abroad.

● **comment**

There have now been two years of static turnover at Kelsey *Industries, but profits this time* have risen by 69 per cent. A big factor has been the steep rise in worldwide prices of tin. Because the company buys tin in sterling, its exported solder prices become competitive abroad as a result of *the weakness of sterling.* In addition, two dry seasons have speeded uprooting and insulation contracts (which account for one-third of turnover), leading to improved margins. There have also been benefits from the *management changes in the roofing* division carried out a year ago. The shares rose 7p to 49p on the news, despite the warnings that the homesolder market, still a major outlet, could be heavily hit by proposed GPO equipment cuts. *And the newly established hi-fi* accessories division is battling against Japanese imports. The *dividend yields 9.28 per cent.* with the p/e a cautious 2.4.

Improvement at Lanca in first half

For the six months ended June 30, 1976, turnover of Lanca, makers and wholesalers of handbags, increased from £585,700 to £634,050 and profits were £53,750 against £29,700. Again there is no tax charge.

Treasury permission has been given for payment of a dividend of 0.65p (nil) for 1975.

No formal submission has yet been made to the Stock Exchange for re-listing of the company's shares as the Board has been advised that a more up to date report and accounts should accompany the application.

With this in mind accounts for the year to December 31, 1976 will be prepared and audited at an early date to comply with this requirement.

Kean & Scott moves back into profit

Furniture retailers and manufacturers, Kean and Scott, returned to profit with a pre-tax figure of £17,502 for the year ended March 31, 1976, against a loss of £74,195.

In order to conserve resources, no dividend will be paid on the Preference shares. The company, in which Company Developments holds a substantial interest, last paid an Ordinary dividend in 1968.

Turnover was down to £666,989 from £861,885. After tax of £3,765 (credit £8,185), net profit was £13,737 (loss £66,010). Earnings per 25p share were 3.1p (loss 16.5p).

Cronite profit upturn

Profits of the Cronite Group increased to £371,548 in the year ended September 30, 1976, compared with £310,635 previously, before tax of £144,261 against £157,220. Turnover was £3.71m. (£3.32m.).

The profit includes revaluation of freehold land and buildings of *£130,000. Last year's profit included a £13,901 surplus on the* sale of properties.

With pre-tax profits down from £203,000 to £108,000 at halfway, the directors said they could not expect to benefit from an increased level of business this financial year and second-half results were not expected to show any material improvement.

They now say that the year's results are considered satisfactory in view of the depressed level of activity and pressure on margins experienced *throughout the year* in the manufacturing divisions.

Exports increased by £0.3m. to £1.4m. and represent 38 per cent. (33 per cent.) of sales.

Earnings per 25p share are 3.4p (4.7p). A net final dividend of 1.6875p (*same*) makes an unchanged total of 2.41875p.

The group's subsidiaries are principally engaged in the design, production and sale of castings and fabrications in nickel and chromium alloys.

Nottingham Brick tops £0.4m.

A MASSIVE leap in pre-tax profit from £165,726 to £429,215 was achieved by Nottingham Brick Company for the year ended September 30, 1976. The figure far exceeds the previous high of £221,528 in 1973.

This progress follows a peak half-year profit of £186,873 (*£80,361*) *at which stage the directors* said demand for products had been maintained and, together with full production from the two factories, a new range of bricks and widening of markets had contributed to the substantially improved results.

Earnings per 50p share for the year soared from 12.7p to 33.4p and the final dividend is raised to 3.77p net (3.61p) making a total of 7.27p against 6.61p last time.

	1976	1975
	£	£
Sales	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Default recovered	[illegible]	[illegible]
Pre-tax profit	429,215	165,726
Taxation	223,661	[illegible]

Harold Ingram progress

FROM turnover up from £3.26m. to £3.94m. pre-tax profit of Harold Ingram rose from £243,072 to £305,392 in the six months to October 31, 1976.

And the directors anticipate that *the second six months'* trading will continue the upward trend. The capital expenditure programme continues uninterrupted and subject to unforeseen circumstances 1976/77 should be a satisfactory year for the group.

The net interim dividend per 10p share is lifted from 1.17p to 1.29p. Last year's total was 2.56p from profits of £448,399.

Half-yearly tax takes £160,324 (£123,715). Exports at £547,541 (£373,623) have benefited from higher sales in Europe.

The company's interests lie in design, manufacture and marketing of knitted garments.

SHARE STAKES

The Lafarge Organisation announces that its parent, Lafarge SA of Paris, has recently acquired 276,500 Ordinary shares in the company bringing its holding to 55.08 per cent.

Carless Capel sees better results

PROFITS before tax of Carless Capel and Leonard were up from £1.21m. to £1.26m. in the first six months to September 30, 1976. The second half has started very well, the directors say, and results for the year should show an improvement over 1975-76 when pre-tax profits were £2.39m.

Earnings per 10p share in the first half were 2p (1.3p adjusted) and the net interim dividend is effectively raised from 0.3p to 0.33p absorbing £130,000 (£118,000). Last year's total was equal to 0.75p.

	Half-year 1976	1975	Year 1975-76
	£000	£000	£000
Home turnover	10,196	7,2[illegible]	17,416
Overseas	3,495	2,884	6,905
Total turnover	13,691	10,256	24,321
Profit before tax	1,262	1,208	2,385
Exceptional credits	288	—	—
Tax and def. tax	775	750	1,243
Net balance	775	458	1,142

Carless Exploration has entered into an agreement with BP Petroleum Development where by BP will acquire 37½ per cent., with a possible *option to increase to* 50 per cent., of Carless' interest in North Sea Licence P244.

As a result Carless will receive immediate reimbursement of one-half of the relevant past costs—£288,000 shown as an exceptional item. Future drilling costs in the licence will, as to Carless' share, be paid by BP as to the third and four wells drilled therein.

To maintain its interest in certain specified geological structures BP will also pay Carless' share *of the cost of exploration and* appraisal wells drilled by the joint venture to those structures.

If a commercial field is to be developed BP will finance Carless with the balance of past costs. Discussions are taking place on the method by which BP will finance Carless' development expenses when a field proceeds to the development stage.

The Board is satisfied that the foregoing arrangement is favourable to the company and is intended to relieve it from the need to raise very large sums of money when development finance is required.

● **comment**

Carless Capel has produ[ced in]terim sales 34 per cent. [up] but pre-tax profits have [moved] ahead just 4½ per cent. [The] £288,000 cash payment [on the] sale of part of the interest in the North S[ea deve]lopment. U.K. turnove[r up] by 40 per cent. against [a ... per] cent. rise overseas. [This] reflects the emphasis on ... dominates in overseas sa[les] ... are biased towards th[e ...] months. At home Carle[ss has a] large slice of the solvent [market] —one outside estimate [puts it at] 40 per cent.—and this is steady growth while ... overseas with a new S[...com]pany should open ... expanding European ... Meanwhile, the deal w[ith BP on] its North Sea interests [removes] future worries over ca[sh] during development w[hile ...]ing what seems to b[e a] favourable deal. So, th[e] North Sea element ... down, the company ... really lost any of its ... and pre-tax profits ... £2½m. this year wi[ll be no] problem. At 30p the [...] yield is just 4½ per c[ent. and] the p/e should fall to ...

Further los[s] at Bernard Hughes

Belfast bakers and [confec]tioners, Bernard Hughes [made] a loss of £208,127 in [the year] ended March 31, 1976 with an £89,328 deficit [the pre]vious year. Turnover ... against £3.86m.

The loss is struck ... ordinary credits ... (£181,910). There is no ... (£6,319 credit).

Loss per share is ... and again there is no ...

ISSUE NEWS

Yearlings hold at 14%

For the fourth week running the coupon rate on the local authority yearlings bonds has held steady at 14 per cent. The bonds are due on December 14, 1977 at par.

This week's issues are:—Brentwood District Council (£½m.), Thurrock Borough Council (£½m.), Dudley Metropolitan Borough Council (£½m.), City of Edinburgh District Council (£1½m.), City of Leeds (£1m.), London Borough of Haringey (£1m.), The Maidstone Borough Council (£1½m.), City of Newcastle Upon Tyne (£1m.), Borough of Poole (£½m.), City of Portsmouth (£1m.), Rhymney Valley District Council (£1m.), Royal Borough of Windsor and Maidenhead (£1m.), City of Westminster (£1m.), Fareham Borough Council (£½m.), Rugby Borough Council (£½m.), Ogwr District Council (£½m.), Lliw Valley District Council (£½m.), Metropolitan Borough of Stockport (£350,000), Castle Point District Council (£½m.), Wear Valley District Council (£½m.), North Bedfordshire Borough Council (£½m.), Blaby District Council (£½m.), Hampshire County Council (£1m.), London Borough of Hounslow (£1m.), Strathclyde Regional Council (£1m.), Borough of Thamesdown (£1m.), Salford (£½m.), Sou[th ...] Borough Council (£1m.), ... District Council (£...), Cornwall Borough Co[uncil ...].

LONG TAP

A new Long Tap wa[s announced] yesterday in the form of £500m. Treasury 1[...] 1998 "A" at £90 per [cent., pay]able in full on applic[ation. The] *redemption date is S[...]* and interest will be [paid on] March 30 and Septem[ber 30. The] first payment will be of £4.68 per cent. ne[t].

The loan succeeds ... cent. Treasury Loan ... was issued on Novem[ber ... and] ran out earlier this ...

The prospectus ... advertised to-morrow ... of applications will op[en] on Friday.

CRAY—92.7%

The rights issue by [Cray Elec]tronics to raise £350[,000 on the] basis of seven-for-fi[ve ...] per share has been ... to 92.7 per cent. The ... been sold at a premi[um and the] proceeds are to be d[istributed to] entitled shareholders.

COUNTER-INFLATION ACT

The Treasury have given consent to the declaration by the companies of dividends of the total amounts specified for financial years ending on the specified dates:

Wolseley-Hughes Ltd.	Droitwich	£1,227,639
Peak Investments Ltd.	Isleworth	£76,229
Wellco Holdings Ltd.	London SW1	£49,634
Derritron Ltd.	London EC2	£47,882
J H Fenner & Co (Holdings) Ltd.	Hull	£2,002,339
The Surmah Valley Tea Co Ltd.	London EC3	£20,000
Adams Foods Ltd.	Leek	£303,078
Walker & Homer Ltd.	Worley	£113,734
Rama Engineering Industries Ltd.	Sheffield	£199,534
Hensher (Furniture Trades) Ltd.	Chorley	£73,846
Stocklake Holdings Ltd.	London EC2	£145,723
The British Dredging Company Ltd.	Cardiff	£51,769
Parkland Textile (Holdings) Ltd.	Bradford	£118,800
Assam Consolidated Tea Estates Ltd.	London W1	£18,462
James H Dennis and Company Ltd.	Manchester	£97,204
Matthew Brown & Co Ltd.	Blackburn	£273,589

Published by the Treasury as required by the above [Act]

BREMNER & COMPANY LIMITED

General Warehousemen

STATEMENT FOR HALF YEAR TO 31ST JULY, 1976

The Directors have declared an Interim Dividend of 1 pence per share (*1975 1 pence per share*) *which is equivalent* to a gross dividend of 8.15% (1975 8.15%). This dividend will be paid on 27th January 1977 to shareholders on the *Register at 24th December 1976.*

The results for the half year to 31st July 1976 based on unaudited Accounts are:—

	1976	1975
Profit before Taxation	£237,793	£267,739
Deduct Taxation	£126,500	£141,000
Net Profit after Taxation	£111,293	£126,739
Less Interim Dividend (Payable)	£55,200	£55,200
	£56,093	£71,539

The tax charge for the current half year is calculated at 52% (1975 52%). The provision shown is the total estimated tax liability of the Company. Advance Corporation Tax already paid during the period is £77,280 (1975 £71,335).

The Directors consider the results for the first half of the year are satisfactory when compared with the more favourable trading conditions experienced during the initial six months of the previous year.

As stated in the Directors' Report of June 1976 which accompanied the Annual Accounts and Balance Sheet for the year ended 31st January 1976, a valuation of the Freehold Property was instructed to be carried out by James Barr & Son, Chartered Surveyors, 213 St. Vincent Street, Glasgow.

Their Report dated 25th August 1976, stated that they are of the opinion that the existing use value of the Freehold Property assuming an adequate level of profitability subsists in support thereof, to be fairly stated in the sum of £791,500.

The Directors are of the view that the use of the property for its existing purposes is an integral part of the undertaking. It is not the intention of the Board to incorporate the surplus arising from the Surveyor's valuation in the Company's Accounts.

BREMNER & CO., LIMITED
44 Glassford Street, Glasgow G1 1UW.

THE TITAGHUR JUTE FACTORY COMPANY LIMITED

Extracts from the statement by Sir John Brown, the Chairman accompanying the accounts for the year ended 30th June, 1976.

- Last year I drew attention to the disparity between the prices of raw jute and finished goods and the impossibility in the circumstances of profitable working. Unfortunately, such conditions persisted, with the result that the loss on the Indian operations for the year amounted to £687,127.
- In contrast to India, operations in the United Kingdom continued to be profitable although certain departments experienced difficult trading.
- There was a Group net loss for the year of £590,563. *This amount has been reduced by a transfer from* Revenue Reserve of £484,227, but there remains a net deficit of £106,336 to be carried forward.
- In the circumstances there can be no payment of any dividend on either the Preference or the Ordinary Stock of the Company.
- It is difficult to see any silver lining to the dark clouds overhanging the Indian industry. Stocks at 30th June, 1976 were 38% *higher than* they had been a year previously, in the face of a reduction of 12½% in production. Stocks since June have continued to increase and until these are substantially reduced it is impossible to look favourably on future prospects.
- In the United Kingdom the year has started reasonably well. Certain of our activities are experiencing some restriction as a result of the present economic situation, but on the whole profitable working continues.

Copies of the Report and Accounts may be obtained from The Secretary, Meadow House, 64 Reform Street, Dundee DD1 9ED.

May & Hassell LIMITED

(Importers, distributors and manufacturers of timber and allied products, Shipowners)

Interim Statement by the Chairman, Mr J H B Atley
Half-Year ended 30th September, 1976

PROFITS at £1.45m ahead of last year.

DIVIDENDS Proposed interim dividend payable 4th February, 1977 represents an increase of 10% on equivalent last year.

ACQUISITIONS Trenery & Sons Ltd. (now renamed Harrison Trenery Ltd.) whose pre-acquisition losses are expected to be turned round into profits very shortly was *acquired during period, together with the 5% of Klondyke* Shipping Co., Ltd., previously held outside the group.

HALLAM GROUP of Nottingham Ltd. (50% owned). Disastrous losses in first half-year. Remedial action taken has been severe and painful with over 700 redundancies. Although the consequent terminal costs will prevent an improvement in the second half Hallam will enter 1977 as a viable unit.

OUTLOOK Despite the national economic situation which must be viewed with some apprehension, the first half-year's increased level of turnover should be maintained during the second half and profits surpass those now presented.

FINANCIAL STATISTICS (Unaudited)

	Half-Year to 30th Sept. 1976 £000	Half-Year to 30th Sept. 1975 £000	Year to 31st Mar. 1976 £000
Turnover	23,031	17,643	33,428
Group Profit before Taxation	2,453	1,419	2,709
Group share of Associated Co. Loss	(1,000)	(150)	(740)
Profit before Taxation	1,453	1,269	1,969
Interim Dividend per ordinary share	0.84p	0.764p	2.49382p

Copies of the Interim Report are available from the Secretary, 3/8 Redcliffe Parade West, Bristol, BS99 7PH.

Standard Chartered turns in £47.7m. midway

...TING from a rise of ...1. in associated profits, tax... profit of Standard ...ered Bank advanced from ...m. to £47.67m. in the six ...s to September 30, 1976.

...ever, the directors point out ...rading profit together with ...emaining items making up ...attributable are not wholly ...rable with those of the ...us periods as a result of a ...e in the group's interest in ...ard Bank Nigeria. This ...st has reduced from 51 per ...to 40 per cent. following a ...f part of the group's holding ...has been dealt with as an ...ated company from April 1.

...nings per £1 share are given ...1.4p (34.6p) and the net ...n dividend is stepped up ...3.75p to 7p. Last year's total ...nt was 15.75p from profits of ...m.

	Six months 1976 £000	1975	Year 1975-76 £000
...profit	41,716	43,849	85,087
...f associates	5,953	2,885	7,184
...efore tax	47,669	46,734	92,271
...tax	20,509	20,903	43,394
...tax	2,375	1,333	2,568
...fter tax	24,785	24,498	46,309
...y profit	3,102	3,373	8,158
...rd. credit	†767	—	*3,688
...able	22,450	21,125	34,463
...d	4,838	4,056	10,276
...d	17,612	17,069	24,187

...it. † Arises from disposals of ...uion of interests in subsidiaries, ...ion of minority interests in sub... ...s and sales of premises and trade ...ents.

...participation by the group ...rights issue made by ...ard Bank Investment Cor...on (SBIC) in August was ...in proportion than that of ...ity shareholders. In conse...e the group's equity interest ...IC has reduced from 70.25 ...nt. to 67.44 per cent. The ...on group profits has been ...with on a time apportion... basis.

...ounting policies and bases ...nsolidation employed are ...tent with those for the ...nded March 31, 1976. Profits ...reign currency have been ...ated into sterling at ex...e rates ruling at the end ...the relevant accounting ...ls. A non-trading surplus ...g on revaluation of overseas ...ssets as a result of sterling depreciation has been credited direct to reserves.

Statement Page 22
See Lex

Culter Guard in profit

A TURNROUND from a loss of £1,192,000 to a pre-tax profit of £201,000 is reported by paper makers Culter Guard Bridge Holdings, for the half year to September 30, 1976. Turnover expanded from £5.73m. to £8.53m.

And provided there is no further downturn in the U.K. economy, the directors are reasonably confident that the progress so far achieved will be maintained during the second half. For the year to March 31, 1976, there was a loss of £1.41m.

The company's bankers continue to give the company every support and the company is operating well within limits agreed. No drawings on the agreed Government loan of £500,000 are contemplated in the meantime, the directors state.

Earnings per 25p share for the six months were 1.3p (loss 9.4p).

● **comment**

After a total pre-tax loss of £1.41m. last year, Culter Guard is now on the road to recovery with a turn round of £1.4m. in the first half. So far the situation is that order books have improved, lossmakers have been cut out and a drive has been made on the export front. The latter now amounts to 10 per cent. of turnover (compared with virtually nothing a few years ago) and further progress may be expected. But, while hopes are that the second half may equal the first half—performance suggesting a pre-tax profit of around £400,000 for the year — the company is taking a cautious line on overall prospects. Apart from the general economic outlook, which hardly favours a high quality paper maker, there has also been a build-up of demand prior to general price rises which are due in January. Earnings calculations are still academic and the share price recognises this despite the 3p rise yesterday to 15p. Where the capitalisation is £1.12m. But at least some kind of dividend is in the arena as a possibility this year.

G. Bassett ahead at halfway

FOR THE 28 weeks ended October 15, 1976, sales of confectionery makers Geo. Bassett Holdings were £39.93m. against £34.55m. in the same period last year and pre-tax profits amounted to £1.5m. compared with £1.18m.

To reduce disparity, the net interim dividend is lifted from 0.78p to 1.04p per 25p share. Last year's total was 4.6124p from pre-tax profits of £2.48m.

● **comment**

Only five points of the 16 per cent. sales increase in Geo. Bassett's first half has come from price rises. The remaining 11 points is volume increase which compares with an industry average of 5 per cent. As a result of the steadiness in sugar price over the period manufacturing margins have held steady at around 9 per cent., so the 28 per cent. profit lift has been achieved largely through the higher volume, exports, and the Dutch divisions which have doubled their profits. The second half, though it will not bear the brunt of the £6 wage increases which put a heavy burden on the first half, has two big shadows overhanging it. Should the Green Pound be devalued to the full extent of sterling's fall it would add 38 per cent. to sugar prices, and there is also a question of likely future levels of VAT. The maximum prospective dividend yields 13.5 per cent. on a share price of 59p.

May & Hassell progress

...nover of timber importers, ...and Hassell, increased from ...m. to £23.03m. in the half ...to September 30, 1976, and ...x profit expanded from ...n. to £1.45m., after deducting (£0.15m.) share of associates

...pite the national economic ...ion the increased turnover ...d be maintained during the ...d half. The results for the ...d half should surpass those ...e first, the directors state. ...t for the year to March 31, ...was £1.97m. after £0.74m. ...of associate's loss.

...e interim dividend is raised ...0.764p to 0.84p net per 25p ...e. Last year's total was ...82p.

	Half-year 1976 £000	1975 £000	Year 1975-76 £000
...ver	23,032	17,643	[illegible]
...	1,453	1,418	2,700
...assoc. losses	1,000	150	740
...before tax*	1,453	1,269	1,960
...est. half-year)	950	575	981
...rofit	503	694	1,068
...ity & extrord.			
...s	—	14	37
...ble	503	680	1,051

...ludes (£000's omitted) surplus on ...l of motor vessels nil (£466 and ...r year), and is after depreciation ...285 and £770), directors' emoluments ...and £102), auditors' remunera...17 (£13 and £31), interest on loans ...verdrafts £449 (£350 and £1,041), ...ure stock interest £30 (same and ...

...arding the losses by the as...e, Hallam Group of Notting... remedial action taken during ...st few months has been both ...and painful with over 700 ...dancies. Although the con...nt terminal costs will pre... the figures for the second ...f 1976 showing any improve... Hallam will enter 1977 as a ...unit, the directors state.

...t week agreement was ...d in principle with United ...g for the disposal of the ...l of Klondyke Shipping ...ny for £2,725,000 cash.

March 31, 1976, net tangible ...of Klondyke amounted to ...57 and in the year ended ...t date the net pre-tax pro... (including an exceptional ...of £420,293 relating to the ...al of vessels) amounted to ...41. This disposal will enable ...d H. to expand its activities ...timber trade and in the short term the cash will be used to reduce bank borrowings.

● **comment**

Stock profits have played an important part in May and Hassell's interim recovery which saw the pre-tax level rise by 14 per cent. despite a massive jump in the group's share of the Hallam losses. Next year the group expects the Hallam associate to be a viable proposition which presumably means either a break-even or a small contribution to profits. In the meantime second-half losses from this source are likely to be doubled, but the group, which pursued a keen forward buying policy last year (when stocks rose by 29 per cent.), expects the stock appreciation benefits to keep profits moving ahead to a full-year total of around £2m. This would amply cover the prospective yield of 8.2 per cent. at 52p—up 10p on the figures—and the shares must gain some extra strength from the knowledge that the relatively high debt position (130 per cent. of net worth at the end of last year) has been substantially relieved by the sale of the shipping division for £2½m. cash.

Statement Page 20

No sign of compromise in Sime dispute

The poll at Sime Darby Holdings to decide the company's future Board membership now seems certain to take place on December 10 as arranged.

Indications yesterday were that no compromise had so far been reached between the present Board and Rothputra Nominees, representing the Malaysian State-owned Pernas, which is opposing the re-election of four British directors and seeking the election of three new Asian directors.

A spokesman for Rothputra, saying he believes the poll must take place, said that his side holds proxies representing more than the 26 per cent. it had at the annual meeting on November 19.

A Sime Darby official stated that no talks had taken place during yesterday between the two sides but added that Sime Darby Board members and their merchant bank advisers Kleinwort Benson, had had discussions in Singapore on the compromise negotiations of the past week.

The chairman, Mr. James Bywater, returned to Singapore from London on Monday night but declined to make any comment.

B. Paradise first half downturn

Makers and distributors of clothing, B. Paradise, reports profits down £30,000 to £21,000 in the six months ended July 31, 1976. Turnover amounted to £1.26m. against £1.19m.

Mr. G. Paradise, chairman, says that turnover in the third quater exceeded turnover for the first half and was 17 per cent. over that for the same period last year. It is expected that the final results will show a good improvement over the first six months, although it is too soon to make any forecast.

Earnings per 10p share in the first half were 1.7p (3p). The interim dividend is held at 1.05p Last year's total was 2.1p from pre-tax profits of £104,000.

There is no tax charge against £13,000 last time. Dividends absorb £13,000 (same) and £8,000 (£25,000) is retained.

The first half always covers the least active six months sales, the major proportion occurring during the second half, the chairman says.

Results were also affected by the exceptionally hot summer which caused many clients to postpone completion of their orders.

John J. Lees £61,000 for first half

A doubling in pre-tax profit from £30,442 to £60,943 is shown by confectionery manufacturers, John J. Lees, for the six months to September 30, 1976.

The directors say they hope to continue at the same level of profitability in the second half.

The interim dividend is raised to 0.5p net (0.45p) per 10p share and the company expects to pay the maximum permitted for the year. Last year's total was 1.712p from profit of £97,949.

First-half sales were £543,287 (£617,118). Tax absorbs £31,127 (£12,821), and retained profit was £24,816 (£13,121).

Brit. Building & Engineering

Sales improved from £791,000 to £986,000 for British Building and Engineering Appliances in the half year to September 30, 1976, but pre-tax profit was lower at £110,000, against £117,000.

Net profit was down at £53,000 (£56,000) and earnings per 25p share slipped to 4.38p (4.63p).

The interim dividend is held at 1p net. Mrs. E. A. Dubois, the chairman, has waived her rights on 95 per cent. of her holding. Last year's total payment was 2.4375p on profit of £201,957.

GOMME AHEAD AT FOUR MONTHS

Mr. H. N. Sporborg, chairman of Gomme Holdings, the manufacturers of G-Plan furniture, told shareholders at yesterday's annual meeting that the company's turnover was currently higher than at the same time last year, that G-Plan's market share was increasing and that profits for the first four months of the year were ahead.

The current order intake was "much higher than at the same time last year."

...ECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p.	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
	F.P.	—	£317₈	£231₈	Emhart $US1	£291₈	+1₈	Q$1.5?	—	2.9	
	F.P.	—	307₈	291₈	Utd. Technologies US$5	£301₈	+3₈	Q$1.20	—	4.6	—
	F.P.	7/1	197	183	Willis Faber 25p	186	+1	b7.0	2.4	5.8	11.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −
	£10	—	121₂	111₈	Essex Water 9% Red. Pref. 1982	121₂	+1₄
			$95¹₈	$95¹₂	I.U. Ocean Finance 9% Guar. Bds 1983	$96¹₈	......
	F.P.	—	[illegible]	$95¹₈	[illegible] Guar. Notes 1985	$96¹₂	......
	F.P.	—	94KD	94KD	Korea Development Bk 8½% Guar. Bonds 1979	94KD	......
	F.P.	—	$100	$95	Midland Int. Fin. 8¾% Guar. Bds 1988	$96¹₂	......
	F.P.	1/12	71	70	Newman Inds. 10% Cum. Pref.	71	......
	F.P.	—	[illegible]	[illegible]	Nova Scotia (Prov. of) 9% Db. 1985	$99	......
	F.P.	—	$100	$99	Polysar 9½% Deb. Series D 1988	$99	......
	F.P.	—	[illegible]	[illegible]	Sth. of Scotland Elec. 8¾% Guar. Notes 1981	$99	......
	F.P.	—	[illegible]	$98	Sodra Skogsagarna 9½% Guar. Bds. 1986	$99	......
	F.P.	7/1	[illegible]	98¹₂	Tendring Hundred Works 9% Red. Pf. 1983	98	......
			$96¹₂	$96¹₂	Usinor Intl. Guar Float. Rates Notes '81	$96¹₂	......
	F.P.	7/1	75¹₂	71	Willis Faber 7% Cum. Pref.	71	......

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p.	+ or −
	Nil	10/12	28/1	15¹₂	4	Assoc. Engineering	15¹₂pm	+2
	$A2		6/12	280	376	Broken Hill Prop.	415	+15
	Nil	20/12	10/2	17¹₈	8	Chloride Group	17¹₈	+1¹₂
	F.P.	6/12	7/1	16	11¹₂	Cray Electronics	16	+1
	F.P.	22/11	11/12	32	[illegible]	Fairbairn Lawson	31	......
	F.P.	1/12	17/11	143	119	General Accident	143	+5
	F.P.	29/10	10/12	134	101	Howden (Alexander)	134	+5
	F.P.	3/12	17/12	210	189	National Bank of Australasia	200	+18
	F.P.	18/6		197	155	Western Mining	158	+2

...nciation date usually last day for dealing free of stamp duty. a Placing ...o public. b Figures based on prospectus estimate. d Dividend rate paid or ...e on part capital, cover based on dividend on full capital. p*** Pence ...otherwise indicated. n Forecast dividend; cover based on previous year's ... m Figures based on prospectus or other official estimate for 1976. ... Figures assumed. † Cover allows for conversion of shares not now ranking ...dends or ranking only for restricted dividends. ** Issued by tender. ...ed to holders of Ordinary shares as a "rights". ¥ 230 S.Afr. cents. ‡ Rights ...ost capitalisation. ‡‡ Tender allotment price. ◊ Reintroduced. ☐ Issued ...ction with reorganisation, merger or take-over. ∥ Introduction. ◆ Issued to ...Preference holders. ■ Allotment letters (or fully-paid). • provisional or ...paid allotment letters. § With warrants. ⊕ After suspension. KD Kuwait Dinar.

RHM increase sales and profits

At a meeting of the Board of Ranks Hovis McDougall Limited held on 7 December 1976, the following preliminary details were approved for issue.

Final Dividend on Ordinary Shares

The Directors recommend the payment of a final dividend for the financial year ended 4th September 1976 on the Ordinary shares of 1.74466p per share making, with the interim dividend, a total of 2.94466p per share (last year – 2.67697p per share) representing, with the related tax credits, 4.53025p per share for the year (last year – 4.11842p per share), the maximum allowed under current regulations.

The final dividend will be payable on 28th January 1977 to holders of Ordinary shares on the register on 31st December 1976.

Results

A statement showing the profit for the financial year ended 4th September 1976 is shown opposite.

Annual Report

The Annual Report, incorporating the Chairman's Review, will be circulated on 4th January 1977. Salient points are:—

(a) Results

Group profit before taxation for the 53 weeks to 4th September 1976 was £39,847,000, an increase of £12,715,000, compared with the 52 weeks of the previous year. External sales were up by £128m to £921m.

All the trading divisions contributed to this substantial improvement in the results other than agriculture where profits were similar to those of last year. Bakery profits improved in the second half of the year.

The results of Wessex Finance Corporation, the Group's motor hire purchase company, were below those of last year following a planned curtailment of funds made available to the business in view of the general economic situation.

The improvement in overall results was helped by a reduction in interest charges which occurred mainly in the first half of the year.

(b) The Future

Trading results to date are ahead of last year but because of the particularly uncertain economic conditions in the country and the problems facing the bread industry it would be imprudent at this stage to make a forecast for the year as a whole. It is hoped however to be able to give some indication of the outlook for Group profits at the Annual General Meeting on 27th January.

Preliminary Announcement of Annual Results

Consolidated profit statement for financial year ended 4 September 1976

	1976 (53 weeks) £000	1976 (53 weeks) £000	1975 (52 weeks) £000	1975 (52 weeks) £000
1. Turnover				
Total sales		1,064,000		939,000
Deduct: Sales within the Group for further processing		133,000		146,000
		921,000		793,000
2. Profit				
Group profit on trading before rationalisation costs and depreciation		62,040		51,745
Rationalisation costs		2,128		3,086
		59,912		48,659
Depreciation		12,736		11,496
		47,176		37,163
Interest paid, less received		8,672		11,324
		38,504		25,839
Investment income		274		240
Associated companies		1,069		1,053
Group profit before taxation		39,847		27,132
Taxation				
United Kingdom corporation tax at 52%	10,202		2,662	
Deduct: Double taxation relief	1,137		969	
	9,065		1,693	
Overseas taxation	3,676		2,716	
Deferred taxation	7,892		9,339	
Associated companies	702		524	
Taxation adjustments in respect of earlier years	(550)	20,785	(438)	13,834
		19,062		13,298
Extraordinary items less taxation		642		601
		19,704		13,899
Minority interests		888		700
Profit attributable to Ranks Hovis McDougall Limited		18,816		13,199

Rationalisation costs are are shown separately and not treated as an extraordinary item. Deferred taxation includes stock relief. The 1975 figures have been adjusted for comparison.

	1976 (53 weeks) £000	1976 (53 weeks) £000	1975 (52 weeks) £000	1975 (52 weeks) £000
3. Appropriation of profit				
Reserve for pensions		1,000		1,000
Preference dividends		283		283
Ordinary dividends				
Interim paid 1.20000p per share (1975 1.08875p)	3,263		2,960	
Final proposed 1.74466p per share (1975 1.58822p)	4,744	8,007	4,317	7,277
Total 2.94466p (1975 2.67697p)				
Profit retained				
The company	4,617		2,523	
Subsidiaries	5,000		1,989	
Associated companies	(91)	9,526	127	4,639
		18,816		13,199
4. Earnings per Ordinary share of 25p		6.2p		4.6p

Based on profit (after minority interests, preference dividends and transfer to reserve for pensions, but before extraordinary items) of £16,891,000 (1975 as adjusted £11,315,000) and on 271.9 million ordinary shares (1975 247.5 million) ranking for dividend.

RHM
RANKS HOVIS McDOUGALL LIMITED

The full Report and Accounts and Chairman's Statement will be available after 3 January 1977 on application to the Secretary, Ranks Hovis McDougall Limited, RHM Centre, PO Box 551, 152 Grosvenor Road, London SW1V 3JL.

Ranks Hovis profit nears £40m.

GROUP PROFIT, before tax, of Ranks Hovis McDougall for the 53 weeks to September 4, 1976, was £39.85m., an increase of £12.72m., compared with the 52 weeks of the previous year. External sales were up by £128m. to £921m.

When reporting first-half profit up from £13.22m. to £19.97m., the directors stated that the group might be trading at lower profits in the second half in some sectors, but they expected a considerable improvement in the year's results.

As to the current year they report that trading results to date are ahead of last year but because of the particularly uncertain economic conditions in the country and the problems facing the bread industry it would be imprudent at this stage to make a forecast for the year. It is hoped to be able to give some indication of the outlook at the AGM on January 27.

Earnings per 25p share for the past year increased from 4.6p to 6.2p. A final dividend of 1.74466p lifts the net total from 2.67697p to 2.94466p.

	*1975-76 £000	1974-75 £000
Total sales	1,054,000	939,000
Sales within group	132,000	146,000
External sales	921,000	793,000
Trading profit	62,940	51,743
Rationalisation costs	2,128	3,086
Depreciation	12,736	11,498
Net interest paid	6,672	11,224
Investment income	774	240
Share associates	1,069	1,053
Profit before tax	39,847	27,132
U.K. tax†	9,065	1,683
Overseas tax	3,676	2,714
Deferred tax	7,892	8,339
Associates tax	702	324
Tax credits	550	438
Total tax	20,785	13,624
Net profit	19,062	13,298
Extraordinary credits	642	681
Minorities	866	700
Attributable	18,216	13,199
Pensions reserve	1,000	1,000
Preference dividends	283	283
Ordinary	8,087	7,277
Retained	9,536	4,639

*53 weeks. †After £1,137,000 (£968,000) double tax relief.

Rationalisation costs are shown separately and not treated as an extraordinary item. Def. tax includes stock relief. The 1975 figures have been adjusted for comparison.

All trading divisions contributed to improvement in the results other than agriculture where profits were similar to those of last year. Bakery profits improved in the second half, the directors state.

The results of Wessex Finance, the motor hire purchase company, were down following a planned curtailment of funds made available to the business in view of the general economic situation.

The improvement in overall results was helped by a reduction in interest charges which occurred mainly in the first half, the directors add.

Statement Page 21

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Armitage Shanks, Braham Millar, Centreway Securities, Clifton Investments, Frederick Cooper, Deritend Stamping, English Card Clothing, General Electric, LRC International, London and Liverpool Trust, M. and G. Second Dual Trust, Pilkington Bros., Progressive Securities, Investment Trust, Russell Bros. (Paddington), Victoria Carpet, Wagon Industrial, Warnford Investments, J. W. Wassall.

Finals—Bridgewater Investment Trust, Caravans International, Duple International, Frederick W. Evans, Hanson Trust, Hazlewoods (Proprietary).

FUTURE DATES

Interims—	
Cawoods	Dec. 14
Great Universal Stores	Dec. 9
Guthrie	Dec. 16
Moorgate Investment	Dec. 14
Sterling Industries	Dec. 9
Sterling Knitting	Jan. 17
Unigate	Dec. 16
Wace Group	Dec. 15
Ward and Goldstone	Dec. 14
Weston-Evans	Dec. 15
Finals—	
Brenmall Beard	Dec. 13
Dobson Park Industries	Dec. 14
Greencoat Properties	Dec. 17
Record Ridgway	Dec. 14

Scottish Tools wound up

Scottish Tools of Kilmarnock, which has a remaining workforce of 20, has been put into voluntary liquidation at meetings of shareholders and creditors. One of the subsidiaries, Precision Metal Fabrication (Glasgow), which closed down last year, involved a loss of £50,000. Being subcontractors, the company suffered a shortage of work in the trade recession and was unable to secure higher prices to offset inflation.

Of the total liabilities of £95,000, tax, national insurance and VAT, accounted for more than £80,000. One or two parties had shown an interest in acquiring the Riverside Works, but Mr. Taylor (liquidator) suggested that for accountancy purposes ordinary creditors should write down the book debt to not more than 50p in the pound.

Sharp fall at Chapman (Balham)

ON SALES down from £3.81m. to £3.04m., pre-tax profit of envelope, etc, manufacturers, Chapman and Company (Balham), fell sharply from £670,767 to £163,738 in the half-year to September 25, 1976.

Operating in a contracting market the company was unable to recover additional costs in its price structure. Consequently profit margins were severely reduced.

The most recent performance of the pound together with the low level of industrial activity in the U.K. suggests that no early improvement can be expected, the directors state.

An unchanged interim dividend of 1.478p net per 50p share is declared. Last year's total was 3.924p from profits of £1.1m.

	26 weeks 1976 £	1975 £
Sales	3,044,000	3,805,000
Trading profit	128,134	697,231
Interest receivable	48,885	16,131
Interest payable	13,281	42,595
Pre-tax profit	163,738	670,767
Taxation	78,000	322,000

CHURCHBURY ESTATES

Pre-tax profit of Churchbury Estates rose from £88,041 to £126,954 in the half year to September 30, 1976. Profit for the last full year was £180,698.

The interim dividend is raised from 1.45p to 1.594p net per 25p share—last year's final was 2.318p.

After tax for the six months of £61,877 (£35,240) the net balance comes through at £65,077 (£32,801).

Stonehill looks to second half

TURNOVER OF furniture manufacturers, Stonehill Holdings, increased from £6.4m. for 33 weeks to £7.5m. for 32 weeks to November 14, 1976, while pre-tax profit was down from £807,000 to £676,000.

If the present level of activity continues and margins are reasonably maintained, profit for the year ought not to be greatly different from last year's record £1,327,000. In this case the total dividend for the year will be maintained at 8p per 25p Ordinary share, the directors state. An unchanged interim of 3p is declared.

Earnings per share for the six months were 7.71p (9.21p).

	32 weeks 1976 £000	33 weeks 1975 £000	53 weeks 1975-76 £000
Turnover	7,512	6,483	11,612
Trading profit	798	982	1,509
Depreciation	129	95	182
Pre-tax profit	676	807	1,327
Tax	352	420	696
Net profit	324	387	631
Dividends	126	126	276
Retained	198	261	355

Turnover increased in real terms but margins were reduced due to the workings of the Price Commission. This year the company has faced large increases in the cost of raw materials caused partly by the weakness of sterling, the directors state.

However, the order book remains healthy and the new ranges will help maintain a high volume of output.

The current cash situation remains very satisfactory and there are still no borrowings.

● comment

The major profits rise expected at Stonehill has not materialised in spite of increased production capacity. On a turnover rise of 16 per cent., the profits have dropped by 17 per cent. The blame is put squarely on the Price Commission and Stonehill reckons that profits would have been at the £1m. mark were it not for the prices check. However, the shortfall could be made up in the rest of the year after two price rises totalling 10 per cent.—which should cover the increase in imported costs. There is also a similar price application being processed. Meanwhile, the expanded factory is on 85 per cent. capacity and the U.S. export drive is developing slowly. The main doubt with the shares at 87p on a 14½ per cent. yield is the possible effect of some cut-back in public expenditure. Already, the proportion of disposable incomes spent on home furniture has been falling for each of the past three years. With an entrenched product line and £1m. cash, Stonehill may be stronger than most to face the future, but the overall trend is not likely to be encouraging.

E. Bates accounts delayed

By Margaret Reid

Edward Bates and Sons Holdings, the troubled merchant banking group whose future is still being discussed with the Bank of England and others, is postponing the completion of its accounts for the year to March 31, 1976, and proposes to adjourn its annual meeting from December 29.

Shares of the group were suspended from quotation on the Stock Exchange on May 13 and the Bank of England stepped in, along with First Arabian Corporation, a minority shareholder, with a standby loan facility to protect the depositors. Deposits were some £67m., more than half placed by Arab lenders.

At the same time, City accountants Price Waterhouse were asked to advise and report on Bates, whose banking subsidiary is an authorised bank and their report was later completed.

The Bank of England, which said in May that it was in talks with First Arabian—a company with Saudi Arabian shareholders which holds 25 per cent. in Bates—and a number of other Arab interests, has been trying for months to work out a solution to Bates' problems. It is believed that the Bank, which is specially interested because the group includes an authorised bank, not only wants to get First Arabian to give further backing but aims to bring an established Middle East bank into the situation as well.

Latest indications are that some progress is being made but that nothing has as yet been decided.

A statement yesterday said that the company's Board and its financial advisers considered that the completion of the accounts of the group and the Edward Bates banking subsidiary must be deferred while discussions on the future of the group were continuing.

Bates lost £13.2m. in 1974-75, largely because of its disastrous investment in Welfare Insurance. It made a profit of £209,000 in the six months to September, 1975, the last for which figures were given. But it is known that the group has had major problems with property and shipping loans, against which substantial provisions are likely to be needed.

J. Williams advances in second half

After being down from £325,000 to £251,000 at the interim stage, pre-tax profit of John Williams of Cardiff expanded from £705,880 to £743,599 in the year to September 30, 1976.

The final dividend is lifted to 1.30p net (1.1175p) per 25p share, making the total a maximum permitted 1.97p (1.7875p).

The comparative profit figure for 1974-75 is higher than reported last December because a provision for loss in respect of the Ghent Steel Center was no longer required following the sale of the investment at cost.

Mr. Harold Williams, the chairman, states that all three arms of the company—steel service centres, foundry and architectural products, traded profitably, and net current assets, assets employed and earnings per share were all higher.

	1976 £000	1975 £000
Sales	16,670	15,590
Interest	370	469
Pre-tax profit	744	706
Net profit	381	336
Dividend	99	90

Transatlantic Market Trust

Income for the six months to September 9, 1976, of Transatlantic Market Trust increased from £302,464 to £580,289, subject to expenditure of £370,902 (£219,701).

Net income, before Jersey, income tax, was £209,387 (£83,763). After tax of £42,780 (£16,553), net income was £166,607 (£66,210).

For the year to March 11, 1976, net income, before tax, was £245,186.

EMI expects further progress

SIR JOHN READ, the chairman of EMI, told a well-attended annual meeting yesterday that it was still expected that the group would show further progress in the current year. Last year annual pre-tax profits amounted to a peak £59.3m., compared with £35m. in the previous 12 months.

Sir John dealt at some length with the controversy surrounding the pop group "Sex Pistols" which signed a £40,000 two-year contract with EMI last October. He described a television interview, in which members of the group used four letter words, as "disgraceful."

Reading from a prepared statement, Sir John said that there was no excuse for the aggressive behaviour of members of the group. Shareholders were told: "Sex Pistols is the only 'punk rock' group that EMI Records currently has under direct recording contract and whether EMI does in fact release any more of their records will have to be very carefully considered."

In response to a question, Sir John said it was a possibility that the contract with the Sex Pistols could be terminated but stressed that the recording company's experience of working with the group had been "satisfactory."

Shareholders at the meeting voted in favour of a change in the Articles of EMI to enable the borrowing limits to be increased. Under the old scale the limit was £165.9m. It was proposed that the formula of one and a half times the aggregate of share capital, and share premium account, and in addition the revenue and reserves be adopted in line with more usual practice, thus raising the borrowing limit to £265.3m.

However, following representations from the Preference shareholders, who have to sanction the proposals, it was decided to use a multiple of one and a quarter times share capital and reserves to raise the limit to £216m.

See Men and Matters

Receiver for Beeston Boiler

AN OFFICIAL Receiver was yesterday called in to the Beeston Boiler Company. Shares in the parent company, Beeston Foundry Holdings, were suspended on Monday at 12p.

A statement released by the company, which employs 350 workers, said that "the financial position is such that trading cannot continue." It blamed the troubles on the withdrawal of support by the principal shareholder.

A spokesman said, however, that recently it had broken even and hoped the Receiver would treat the company as an "ongoing" concern. The spokesman added that the present economic situation had also affected the position.

Outlook at Titaghur

The mills of Titaghur Jute Factory Company have so far been able to continue in operation but only at a very heavy cost, says Sir John Brown, chairman.

Stocks since June have continued to rise and until they are liquidated or at least substantially reduced it is impossible to look favourably on prospects, he adds.

In the U.K., the year has started reasonably well and Sir John says he looks forward with a reasonable amount of confidence to satisfactory results.

The 1976-77 jute crop promises to be more than ample for requirements both in India and other jute producing countries and there is unlikely to be any difficulty regarding the adequacy of raw material supplies even if all mills are able to return to capacity working.

As already reported, pre-tax loss for the year to June 30, 1976, fell from £702,145 to £576,450.

Although the first half-year's results showed only a modest loss on the Indian operations, this was mainly due to the carry forward of what proved to be an over-provision for forward contract losses as at June, 1975, without which that loss would have been more severe. Trading conditions in the second half of the year gave no respite with the result that the loss on the Indian operations for the year as a whole amounted to £687,127.

In contrast, operations in the U.K. continued to be profitable although certain departments experienced difficult trading conditions.

With the group companies which operate in India but whose accounts are maintained in sterling having had fairly substantial net current liabilities there at July 1, 1975, the revaluation of these balances in terms of the rate of exchange ruling at June 30, 1976, resulted in a considerable loss, which has been met by a transfer from capital reserve.

As from July 1, management and control of the Samnuggur and Victoria subsidiaries have been transferred to Calcutta.

Thomas Duff and Co. (India) holds 33.8 per cent. of the Ordinary stock and 15.9 per cent. of the Preference. Meeting, Dundee, on December 13, at noon.

Chairman's statement Page 20

Castings makes headway

Malleable ironfounders, Castings reports that from turnover up from £1.44m. to £1.72m., taxable profits rose from £155,679 to £172,555 in the six months to September 30, 1976.

The net interim dividend per 10p share is effectively held at 0.375p. Last year's total was equivalent to 1.4625p.

Tax for the first half takes £90,000 (£81,000) leaving the net balance at £82,555 (£74,679).

CONS. GOLD

Consolidated Gold Fields has brought through the market for cancellation £488,109 of 7¾ per cent. Unsecured Loan Stock 1999/2004 and £979,325 of 8¼ per cent. Unsecured Loan Stock 1988/93.

MINING NEWS

Quebec plans control of asbestos

BY PAUL CHEESERIGHT

[illegible] PROVINCIAL Government Quebec, elected last month, make a move to take control the asbestos mining industry he province within the next years. Statements by the new ne Minister, M. René esque, and the Finance Minis- M. Jacques Parizeau, said the ng would depend on the com- ion of detailed studies and possibilities of finance.

uebec produces about 80 per t. of Canada's asbestos, which of the chrysotile variety. ada itself is the premier ducer in the western world some 95 per cent. of its pro- tion is exported.

ur Montreal correspondent orts that the provincial Govern- it has refused to give further ils of its plans, but that both vesque and M. Parizeau have iously avoided the use of the n "nationalisation."

he local industry thinks that provincial Government's aim s not extend beyond gaining trol of the leading independent ducer, Asbestos Corporation, ch is 54 per cent. controlled U.S. group, General Dynamics, which has an annual fibre acity of 350,000 tons. Net its last year were $14.2m. 3m.) or $5.01 a share.

he largest producer in the pro- e is Canadian Johns-Manville, bsidiary of a Denver group. ch has the western world's t extensive asbestos deposit. er companies in the Quebec istry include Carey-Canadian the Turner and Newall sub- ary, Bell Asbestos. But our espondent says that the pro- ial Government does not ch any priority to gaining trol of them.

wo methods of gaining control Asbestos Corporation are pos- e, according to our corres- dent. The first is for the vincial Government to buy the eral Dynamics holding, which vorth about $65m. (£38m.) at ent market prices, following easing in share values since election in mid-November.

he second would be for the vincial mining agency, Sequem, participate in some fashion. uem was, in fact, established M. Lévesque when he was ister of Natural Resources in mid-1960s. Even at that time Lévesque was concerned to g the asbestos industry under er public control, arguing that natural resources belonged to the people.

The provincial asbestos industry is now building up production after a series of disasters and strikes in 1974-75 curtailed output. Consumption has been little affected by recession and Asbestos Corporation predicts that there will be an international shortage of supplies for about ten years.

Arco's $50M. uranium sale

AMERICA'S Atlantic Richfield (ARCO) no longer holds any uranium producing properties following the completion now reported of the sale for $50m. (£30m.) of its half share in uranium producing mines and a plant in the Clay West area of Live Oak County in South Texas.

The sale was made in two equal shares to United States Steel Corporation and NM Uranium, each of which previously held a 25 per cent. interest in the properties and plant.

It was announced on November 1 that Atlantic Richfield had agreed to sell its share to U.S. Steel, but NM Uranium subsequently elected to exercise its right to acquire an equal portion with U.S. Steel, a spokesman said.

The plant, which began operating on the properties in April, 1975, has an annual design production capacity of 250,000 lbs of uranium oxide which is developed ultimately into fuel for nuclear electric power generating plants.

Atlantic Richfield, which has been operator of the facility, agreed to continue functioning as operator until either U.S. Steel or NM Uranium can be phased into that role. This is expected by mid-1977.

HAMERSLEY TO RAISE $80M.

In the first stage of a plan to finance the expansion of production for the Japanese market, the Rio Tinto-Zinc group's Western Australian iron ore producer, Hamersley, is venturing on to the international capital markets to raise $80m. (£48.2m.).

In September, Hamersley won contracts to supply Japanese steel mills with an extra 6m. tons of iron ore per year and announced that it would be spending $A250m. (£152m.) on the expansion.

See Page 24

November's tin outputs

IN THE November tin concentrate outputs reported by the mines in the London Tin group, that of Malayan shows a further increase and brings the mine's total for the past five months of the current financial year to 1,297 tonnes compared with 1,006 tonnes in the same period of 1975. Southern Malayan is still lagging with a five-month total of 969 tonnes against 1,045 tonnes.

Berjuntai has brought its seven-month total to 2,522 tonnes against 2,212 tonnes, but Southern Kinta's eight-month total amounts to only 914 tonnes against 1,368 tonnes a year ago. A setback in the past month's production at Lower Perak is explained by the fact that the dredge was shut down from November 16 for approximately two months in order that major repairs can be carried out.

Latest output figures for the group of Malaysian-operating mines are compared below.

	Nov. Tonnes	Oct. Tonnes	Sept. Tonnes
Amal. of Nigeria	160*	201	171
Aokam	198	182	208
Berjuntai	[illegible]	357	373
Kamunting	43	43	35
Kramat	[illegible]	15	10
Kuala Kampar	33	12	19
Lower Perak	14	38	30
Malayan	296	295	346
Sthn. Kinta Cons.	117	183	122
Sthn. Malayan	181	176	186
Tongkah Harbour	64	60	81

* Four weeks.

AUSTRALIAN BAN ON EVIDENCE IN URANIUM SUIT

The Australian Government has published in its official gazette a list of 17 uranium company and Atomic Energy Commission officials who are ordered not to give evidence in U.S. anti-trust cases.

America's Westinghouse Electric Corporation named the 17 me in a letter of request to the men in a letter of request to the asking that they be required to testify at Westinghouse's anti-trust suits against a number of uranium firms for alleged price-fixing.

The orders were made under recent legislation rushed through Parliament to block the Westinghouse request.

MINING BRIEFS

RAHMAN HYDRAULIC—Tin output for November, 46 tonnes (October 43 tonnes).

GEEVOR TIN—November, 9,707 tonnes ore treated produced 82 tonnes Black Tin (65 per cent. Sn) including 8 tonnes low grade concentrates. (October output 80 tonnes).

	Four wks. ended Nov. 17	Oct. 20
	(tonnes)	
Electrolytic Zinc—		
Risdon Works		
Zinc	13,078	15,140
West Coast Mines		
Ore treated	47,980	48,037
Lead concentrate	836	1,079
Zinc concentrate	7,804	8,146
Copper concentrate	1,930	3,418

MAIDENHEAD INV.

Maidenhead Investments (Holdings) will be advised by Singer and Friedlander in connection with the offer of 26p cash announced by the Generale Occidentale Group for the 2,220,236 Ordinary shares (21.52 per cent.) of Maidenhead not owned by Argyle Securities.

Mr. A. W. Jordan, a director of Maidenhead, has agreed to accept the offer in respect of the 579,726 Maidenhead Ordinary shares owned by him.

BIDS AND DEALS

JFB profit will show material increase

Johnson and Firth Brown, whose bid for fellow Sheffield steel group Dunford and Elliott was given clearance by the Take Over Panel on Monday night, has swiftly issued its formal offer document which contains a forecast of pre-tax profits of £4.5m. for the first six months of the year and talks of "a material increase" for the full year.

During last week's Court proceedings, which ended in JFB's appeal being upheld against an injunction sought by Dunford to prevent the bid progressing, it emerged that JFB was expecting pre-tax profits for the year of around £10m.

CC

In a letter to Dunford shareholders accompanying the document, Mr. J. M. Clay, the JFB chairman, argues that the bid—which values each Dunford share at just over 35p with JFB closing at 44p (up 3p) yesterday—is virtually double the pre-bid price on the stock market. He further argues that on the basis of the terms of the offer Dunford shareholders would receive a dividend of 4.708p per share, against 0.7692p from Dunford.

"The amalgamation of JFB and Dunford will create one of the largest independent special steel groups in Europe with a capital structure and profit potential sufficient to ensure a continuing programme of investment, modernisation and development."

Of Dunford's plans to raise £3m. by rights issue, Mr. Clay says that the Board of JFB does not believe that this will be enough new equity capital to solve Dunford's "fundamental financial problems or to permit a continuing investment programme in new plant and equipment on the scale which JFB believes to be necessary."

JFB says that it plans to develop and expand the Dunford business and that prospects of employees in the merged group would be enhanced.

A spirited reply to the bid, which closes on January 5, can almost certainly be expected today. It would seem that most of the legal argument is now over and that financial arguments, in the form of profits forecasts and statements on current trading, will be used to counter JFB's claims. The official rejection document, which will be issued through Dunford's financial advisers, Morgan Grenfell, is expected next week. Also during last week's court proceedings it was said that trading profits of Dunford for the 1976-77 financial year were being internally projected at around £9m.

MARLEY MERGES FRENCH COMPANY

Marley is to merge its loss-making concrete tile business in France with those of Betopan, a French company jointly-owned by Eternit and Le Comptoir Tuilier du Nord.

Under the terms of the deal the assets of Betopan will go to Marley SA, Marley's wholly-owned French subsidiary, in return for 50 per cent. of the shares. Thus, when completed, Marley will retain a 50 per cent. stake in the new company—to be called Tuileries Marley Betopan—with Eternit and Comptoir Tuilier du Nord both with 25 per cent. No cash is changing hands in the deal.

The Marley interests have produced losses of over £1m. in the past two financial years. The deficit is expected to be eliminated next year. The combined total turnover of the new groups will be around Frs.90m. (just under £11m.).

TURNER & NEWALL IN NIGERIA

Turner and Newall has formed Turner Engineering Products (Nigeria) to manufacture and market a range of brake linings, disc brake pads and gaskets for motor vehicles in Nigeria.

The T and N holding in the equity will be 60 per cent., the remaining 40 per cent. being held by Nigerian interests.

GRINDLAYS SALE

Grindlays Bank, London, has now sold its 40 per cent stake in Kenya Commercial Bank to the Government of Kenya. Grindlays retains its 60 per cent. interest in Grindlays Bank International (Kenya) in partnership with the Government of Kenya which owns 40 per cent. of the shares. The business of Grindlays Bank International (Kenya) is not affected in any way by the sale of the shares in Kenya Commercial Bank.

WOLF TOOLS

Wolf Electric Tools (Holdings) is acquiring the factory complex in Brumwill Road, previously occupied by Kiwi, and adjacent to Pioneer Works.

On a 3¼ acre site is a factory, warehouse and office accommodation of about 100,000 square feet and a price of £750,000 for the freehold has been agreed.

The acquisition will enable the company to centralise its west London operations into a single site. The consideration will be financed from existing resources.

HAY'S WHARF £2.4M. SALE TO TDG

United Kingdom Cold Storage, a wholly-owned subsidiary of The Proprietors of Hay's Wharf, has sold as going concerns five cold stores to various subsidiaries of Transport Development Group. The deal, worth £2.37m., has been effected by Hay's Wharf in order to reduce its borrowings.

The five stores had a book value at September 30, 1976, of £3.23m. and an historical cost of £2.17m. Net profits generated by the stores in the past financial year amounted to £129,000. United Kingdom Cold Storage will continue to own and operate its stores in South London and at Dagenham.

UNIGATE

Unigate, through its Scot Bowyers subsidiary, has agreed with Generale Alimentaire to acquire the remaining 50 per cent. of the French manufactured meat products company, Lhuissier, which also owns Bordeau Chesnel.

METAL BOX SINGAPORE

Metal Box Singapore is acquiring all the fixed assets and outstanding contracts from Secura Pte., a wholly-owned subsidiary of City Developments, for $2.7m. cash (around £660,000).

It is the intention of Metal Box Singapore to incorporate a subsidiary, Secura Singapore Pte, with an initial paid-up capital of $2.7m., to take over the Secura assets and business. City Developments will take a 20 per cent. interest in the new company.

The acquisition will enable Metal Box to enter the field of security printing in Singapore.

For the year ended March 31, 1975, Secura incurred a trading loss before tax of $290,000.

Bank Bridge profit £278,000

TURNOVER for the year to March 31, 1976, of Bank Bridge Group decreased from £14.31m. to £11.92m. Pre-tax profit was £278,000, against a loss of £163,000.

There is no dividend, compared with 0.2p net per 5p share (interim only).

	1975-76 £000	1974-75 £000
Turnover	11,917	14,312
Losses co. and subs	21	*138
Share associates	794	562
Share subs. profits†	33	153
Exceptional loss‡	—	710
Pre-tax profit	278	§163
Taxation	220	351
Extraordinary debits	520	[illegible]
Loss for year	462	914

* Profit. † Less losses attributable to minorities. ‡ Share dealing § Loss.

Warnford midway advance

REVENUE before tax of Warnford Investments improved from £671,185 to £770,362 in the six months to June 24, 1976. The figure in the year 1975-76 was £1.4m.

Earnings per share are 3.58p (3.33p) and the net interim dividend is a maximum permitted 2.0916p (1.656p). Last year's final was 2.7p.

	Six months 1976 £	1975 £
Turnover	1,047,172	860,199
Group revenue	724,207	641,230
Associates' revenue	46,155	29,956
Revenue before tax	770,362	671,185
Taxation	397,721	351,626
Minorities	168	113
Attributable	372,333	319,224

CRANE'S SCREW

Armstrong Equipment has received acceptances of over 98 per cent. for its offer for Crane's Screw (Holdings). The offer for the Ordinary remains open.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Kockums will build tanker to ward off yard closure

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 7.

KOCKUMS, the last of the major Swedish shipyards to remain in private hands, is to build on its own account a 133,000 cubic metre LNG tanker as an alternative to closing down. The company will finance 30 per cent. of the over Kr.500m. (£71.5m.) cost itself, the remainder being covered by State-guaranteed credits.

The decision was taken yesterday at a Board meeting after which Mr. Nils-Hugo Hallenborg, managing director, gave a warning that the Board would have to reconsider the yard's future in another four to five months. "Obviously nobody wants to close down as long as there is any economic possibility of continuing," he said.

The new LNG tanker is due for delivery in the second quarter of 1979. Mr. Hallenborg stated that Kockums should be able to finance yet another tanker on its own account but if the respite thus gained did not bring new orders from owners, the company's resources would be exhausted.

Kockums have received no new orders for two years. In April the order book comprised ten tankers of 355,000 dwt and four vessels for the Swedish navy—enough, it was then stated, to keep the yard employed until the end of 1978.

Last year the yard's earnings slumped to Kr.53m. (£7.5m.) after a 19 per cent. fall in sales to Kr.860m., currency losses of Kr.55m. and increased borrowing.

The new LNG tanker will go to Kockums own shipping company, Malmoil. Last year the company reported substantial losses and forecast even heavier losses this year.

The Swedish Minister of Industry, Mr. Nils Aslang, announced last month that the Government was allocating Kr.2bn. in support for the Swedish yards, in which with the exception of Kockums, it has had to take a controlling interest.

The Swedish scheme under which the yards are able to build for stock with the help of State loan guarantees, has been heavily criticised by other European shipbuilders, who believe a drastic reduction in yard capacity is the only solution to the shipbuilding crisis. The Swedes retort that the building for stock does not affect plans to cut capacity by 30 per cent. and possibly more.

German banks review ten months progress

BY ADRIAN DICKS

BONN December 7.

SATISFACTORY profits, if lower in some cases than those of 1975, are reported for the first 10 months of 1976 by three prominent members of the West German banking community — though none of them provides detailed figures of its earnings performance.

Bayerische Hypotheken—Und Wechsel-Bank informs shareholders that the balance sheet total during the period rose by some 9 per cent. to a new level of DM32.9bn. Outstanding loans increased by some DM972m. to DM13.2bn. (from the end of last year), with short-term loans to customers increasing by DM744m. to DM6.4bn., or about half the total outstanding.

There was also a healthy increase in savings deposits of DM590m. to a new level of DM8.2bn., the bank stated. New mortgage business, however, lay a full 13 per cent. below that during the same period of 1975.

Bayerische Vereinsbank, meanwhile, reported an increase in demand for short-term loans during the first 10 months, but reported that the main emphasis lay in longer-term business.

The bank's balance sheet total increased by over DM2.3bn. to DM31.1bn. during the first 10 months, while the group balance sheet total rose by DM6.5bn. to DM55.2bn.

Berliner Handels-Und Frankfurter Bank reported an essentially unchanged balance sheet total of DM6.3bn. during the first 10 months, with new loan business stagnant. Nonetheless, weak industrial loan demand was to some extent offset by increased activity by private customers and by greater public sector borrowing.

There was a narrowing in interest rate spreads, the BHF-Bank reported, but this was offset by satisfactory results from the commercial financing side and from the bank's securities business.

$60m. loan for Petrol Ljubljana

Petrol Ljubljana, the Yugoslav oil group, is borrowing $60m. in the Euromarket to finance the construction and operation of the Slovenian gas pipeline system.

Lead manager for the loan which was signed in London yesterday is Bankers Trust International.

The five-year Eurocredit carries interest at 1⅞ per cent. above the six-month Libor rate (London interbank offered rate).

The loan has been provided by 21 international banks and the management group includes Lloyds Bank International and Midland Bank as well as Algemene Bank Nederland, Banque National de Paris, Chase Manhattan.

MIBC in Malta is wound up

The Malta International Banking Corporation, set up in 1969 by Midland Bank, Samuel Montagu, The Standard Bank and Bank Of Valletta to carry out offshore operations is being wound up, Godfrey Grima writes from Malta. According to the bank's latest balance sheet published in May, losses for the year amounted to £M16,754 compared with net profit of £M25,525 the previous year.

MIBC was allowed special tax exemptions by legislation when it opened in a bid to promote Malta as a financial centre. In recent years operations became more difficult particularly after the takeover of commercial banking operations by the Government.

Gabon denial

PARIS, Dec. 7.

THE Government of Gabon has categorically denied reports that it intends to impose the moritorium on loan repayments until 1979. A statement from Pres. Bongo denies remarks to this effect attributed to him and pledges Gabon to continue to honour its international commitments "in the future, as in the past."

Tongaat movi[...] against the tre[...]

BY RICHARD ROLFE

JOHANNESBURG,

TONGAAT GROUP, one of the most diversified of the sugar companies, has escaped the trend of lower profits shown elsewhere in the sugar sector, and appears to be aiming for a big lift in its dividends in the current year. The interim payment for the six months to September 30 has been raised from 5.5 cents to 9 cents, and the Board forecasts that the final for the current year will be not less than the previous 14.5 cents. Thus a total for the year of at least 23.5 cents is in prospect against 20 cents last time and the shares at 235 cents are on a prospective yield of 10 per cent.—which is the first time they have been on a realistic yield basis for some years.

Tongaat's low yield, however, in relation to other sugar companies has reflected the fact that Anglo-American group companies have been substantial buyers of the stock and are now the biggest holders with a 25 per cent.

● The Major Construction Group LTA, which handles the bulk of the civil engineering work for the Cabora Bassa project in Mozambique, and which is owned as to about 65 per cent by Anglo-American group companies, has announced a useful rise in pre-tax profits from R4.1m. to R4.6m. which reads well against the background of a depressed construction sector. After striking various other figures such as minority interests, non-trading items and goodwill written off, the net attributable improvement was from R2.15m. to R3m.

However, at the e[...] share level this [...] several steps backwa[...] pared with the fig[...] ago. During Novem[...] owners of LTA conv[...] erence shares, mainly [...] within the Anglo g[...] eised their options [...] into ordinary shares [...] sequence, the issue[...] share capital rose fr[...] 12.3m. shares. This [...] earnings per share f[...] six months fell fro[...] to 25 cents though, a[...] points out, had the [...] shares ranked as [...] year ago, the ear[...] would then have b[...]

LTA declares o[...] year and paid 1[...] year out of fully-di[...] of 40 cents. There[...] clue with the late[...] what dividend can [...] in the current yea[...] says that "it is ant[...] results for the 12[...] ing March 31, 1977 [...] lar to those of t[...] financial year." In[...] points out that the [...] on hand is higher [...] ago, at R234m. aga[...] consisting of R116m[...] eering and buildin[...] industrialised build[...] enforcing and su[...] In any event, simply[...] the dividend looks li[...] the market is, e[...] present, as the sh[...] cents yield 10 per [...] year's payment is [...]

Italian company ana[...]

BY ANTHONY ROBINSON

RO[...]

MEDIOBANCA'S wholly owned financial research company, Ricerche e Studi, has just published what amounts to the answer to a company analyst's prayer in the form of a highly detailed financial analysis of 75 major Italian quoted and unquoted companies.

The heavy volume contains an unprecedentedly detailed analysis in figures — without any form of comment — of the turnover, profits, losses, capi[...] investments, depre[...] structure, majori[...] interests, performa[...] past five years and [...] aspects of compa[...] ance.

The first edition [...] manual, with a glos[...] cial terms in Engl[...] lished on Monday, [...] pany is already wo[...] year's edition

AMERICAN COMPANIES

Investment plans at Bethlehem

NEW YORK, Dec. 7.

BETHLEHEM STEEL Corporation intends to continue to modernise and expand its facilities despite the current economic uncertainty, David Adams, vice-president in charge of finance, told a meeting of the New York steel Analysts' Group, reports AP-DJ.

He said Bethlehem Steel expects to increase its capital spending in 1977 by more than 50 per cent. over 1976 to about $675m.

Adams said Bthelehem Steel anticipates spending a similar amount in 1978 to complete its previously announced $1.8bn. programme.

Adams also said: "We believe we have passed the low point of incoming orders. We do not have solid evidence of volume improving in the first quarter of next year over the current quarter, but it shows no sign of being down, and looks comparable to the third quarter of this year."

Adams further indicated that Bethlehem expects steel industry volume for 1977 to be up about 10 per cent. Bethlehem's costs will continue to rise in 1977, Adams said, with a likely increase in depreciation of about $35m. to approximately $310m.

With respect to Bethlehem's iron ore reserves he told the meeting that with the start up this year of the Taconite mine and pellet plant at Hibbing, Minnesota, Bethlehem Steel holds interests in operating properties which are estimated to contain iron ore sufficent to produce approximately 1bn. tons of concentrates, pellets, and direct shipping ore. Of such total estimated tonnages approximately 75 per cent. is located in the U.S., 21 per cent. in Canada and 4 per cent. in Liberia.

Spending plans at Seagram

CAPITAL investment at Seagram the world's largest producer and seller of distilled spirits and wines, reached $143m. in 1976, it is disclosed in the annual report.

Major outlays for plant, including a $16m. expansion in Venezuela, a $10m. development in Brazil and a $5m. bottling plant in Maryland, U.S., have moved hand in hand with accelerating investment in Texas Pacific, Seagram's oil and gas production subsidiary, to which the parent group has committed more than $250m. since 1972, writes Terry Byland.

For the year to July 31, Seagram increased its earnings from $74m., or $2.11 a share, to $80.5m., or $2.30 a share.

Net sales reached a record $2bn., a gain of 6.1 per cent. on the previous year. Dividends of 80 cents (Canadian) were paid.

Moves were made last year to restructure and stabilise Seagram's debt situation.

The issue last February of $60m. in seven year Eurodollar notes, together with a private placement of $100m. 20 year notes via Seagram's U.S. subsidiary helped to reduce short term debt from $270m. to $180m.

Seagram's chairman, Mr. Edgar Bronfman said that the move enhances the group's flexibility to capitalise on future opportunities.

Rivals for Irvine

MOBIL CORPORATION lost and then quickly regained its lead yesterday in the six-week bidding contest for the Irvine Company, reports Reuter from California. Mobil's previous all-cash offer of $277.7m., or $33 a share, was topped by a cash and notes offer by Cadillac Fairview Corporation of Toronto.

Cadillac Fairview's new bid was $278.1m., or $33.05 a share. But Mobil quickly came back with a new all-cash offer of $281.9m., or $33.50 a share.

The James Irvine Foundation, Irvine Company's majority owner, set noon on Thursday as the deadline for submission of the next round of bids.

EUROBONDS

Hamersley $40m. issue

BY TONY HAWKINS

TWO NEW Eurobond issues announced yesterday include a two-tranche $80m. offering by Hamersley Holdings Ltd., the Australian iron ore producer and Rio Tinto-Zinc subsidiary. Hamersley is offering $40m. worth of 7-year notes (maturity January, 1984) with an average life of six years on an indicated 8¾ per cent. coupon. There will also be $40m. worth of 15-year debentures (maturity 1992), with an average life of 11½ years and a 9½ per cent. coupon is indicated.

Morgan Stanley International is lead manager and the issue will be priced on December 17. Co-managers are First Boston (Europe), Kleinwort Benson and N. M. Rothschild and Sons.

The other new issue is a private placing of Fls.75m. in the Dutch Guilder sector by the City of Oslo. The coupon is 8¼ per cent. for the seven-year notes which are to be issued at par. Lead manager is Algemene Bank Nederland, and the co-managers are Kredietbank Luxembourgeoise and Kuhn Loeb and Co.

Very firm conditions continued in the secondary market yesterday with strong investor demand pushing prices ahead. The bond market was encouraged again by the strength of the New York market and the continuing downtrend in interest rates. Canadian issues, both in the U.S. and Canadian dollar sectors, appear to have overcome their bout of currency nerves and moved strongly ahead. In the U.S. dollar sector prices of Canadians were up to ½ of a point better and ¼ a point harder in the Canadian dollar sector.

Convertibles were more active than of late with sentiment improved by Wall Street's advance.

In the U.K. section, the South of Scotland met some demand and the price moved up a quarter to 98/98½.

BONDTRADE INDEX

	Tuesday	Monday
Medium	101.84	101.76
Long	93.60	93.46
Convertible	105.88	105.37

Warner-Lambert offer

WARNER-LAMBERT and Deseret Pharmaceutical Incorporated announced that Warner-Lambert, through a subsidiary W-L Incorporated, is commencing a tender offer to purchase any and all outstanding shares of outstanding Comomn stock of Deseret, reports AP-DJ from New York.

The Board of Deseret has unanimously approved the offer and has recommended all its stockholders to accept.

Deseret makes and markets a line of disposable catheter and fusion sets as well as a number of other disposable surgical specialities.

For the year ended August 31 Deseret had sales of about $40m. and net income of about $5.5m. or $1.77 a share.

Slowdown seen for Japanese supermarkets

BY TERRY BYLAND

THE JOLT administered to consumer spending by the recession in the industrialised world has not spared Japan. But the Boardrooms of Tesco, International Stores, Sainsbury and their rivals will find it difficult to sympathise with the Japanese supermarkets who found their sales growth cut back to a mere 15.4 per cent. in 1975, and are now resigned to a future pattern of 10 per cent. annual growth.

In its latest monthly bulletin, the Fuji Bank rounds up the factors behind the spectacular growth of the Japanese supermarket industry, which came from nothing in 1952 to its present position in which five of the nation's top ten retailers are supermarketeers.

The days of expansion were not unlike those in any Western nation, in that higher disposable incomes showed themselves immediately in the form of increased spending on food and other domestic items.

This domestic spending coincided with a change in the structure of food demand. With Japanese housewives joining their husbands at the factory bench, there was a call for the new processed and frozen foods. This spun off into demand for Western-style foods ranging from instant coffee to cheese and mayonnaise.

All these tastes, the supermarkets were quick to recognise and cater for.

But in one important aspect, Japanese supermarkets experience differed from that of their Western counterparts, and in an area which may well be crucial now that consumer sales have been hit by the deceleration in consumption expenditure as well as by cost factors.

The most significant cost factor has been the Large Retail Store Law, enacted in 1974 which forced supermarkets to curtail floor space so as to protect traditional retailers. This has lengthened the time required to establish a new store to three or four years, a factor now beginning to bite.

The trump card for the supermarkets may turn out to be their early involvement in the apparel and accessories market, traditionally the area of the retail trader. The early supermarketeers drew on their sales from these sectors, and although the all important food sales drew the lion's share of the expansion of the Sixties, these stores are now turning back to apparel.

Fuji Bank suggests that in the apparel market, the upgrading of demand into the fashion area could pose new problems but adds that the industry can be expected to move in this direction.

● *Prospects for a recovery in consumer expenditure in Japan in the near future seem now to have abated as a result of continuing company reluctance to increase payment to their employees.*

After a summer payment bonus only 5 per cent. up on 1975 in spite of a 9½ per cent. to 10 per cent. inflation rate, the forthcoming winter bonus is also thought unlikely to provide the impetus originally expected.

Analysts at Jardine Fleming Investment Services comment in their latest survey of Japanese economic and financial market trends that prospects of an adequate winter bonus have receded as corporations take more account of the deterioration in the economic outlook for next year than the recovery in profits.

Previously it has been projected that the winter bonus could be as high as 13 per cent., but a recent survey of more than 300 corporations by the Nikkei economic journal indicated that the average increase would only reach 8.7 per cent. which would represent a decline in real terms. Meanwhile, the Japanese Employers Federation in its own survey suggests an even lower average increase of only 6.2 per cent.

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1989	104½	[illegible]
Australia 8½pc 1981	99½	100½
Bowater 9½pc 1985	102½	[illegible]
Can. N. Railway 8¾pc 1986	[illegible]	[illegible]
Credit National 8½pc 1986	[illegible]	99
Denmark 8¾pc 1984	[illegible]	99
ECS 9¼pc 1986	[illegible]	[illegible]
EIB 9¼pc 1986	100½	101½
ERAP 9½pc 1985	102¾	103½
Esso 8pc 1986 Nov.	103½	104½
Euroflma 9¼pc 1986	102	102½
Granges 9¼pc 1985	102	102½
ISE Canada 9¼pc 1986	[illegible]	103
Massey Ferguson 9¼pc 1991	102	[illegible]
Michelin 9¼pc 1983	101½	[illegible]
Midland Int. Fin. 8¾pc '86	97½	98
MODO 9pc 1980	97½	98½
Nat. Westminster 9pc 1986	[illegible]	100½
Newfoundland 9½pc 1989	101½	102
Norpipe 9½pc 1984	101	102½
Norsk Hydro 9pc 1981	101	101½
Oslo 9pc 1988	101	101½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1994	100½	101½
Quebec Hydro 8¾pc 1986	98	98½
Prov. Saskatch. 9¼pc 1986	101	101½
Skand. Enskilda 9pc 1991	99½	100
Volvo 9¼pc 1985	103	103½
NOTES		
Australia 8½pc 1983	101½	102½
Australia 8¾pc 1986	100½	101½
Dow Chemical 8pc 1986	101½	102
EEC 8¾pc 1982	100½	101

	Bid	Offer
Kockums 8pc 1983	[illegible]	98½
Michelin 8½pc 1983	100½	101½
Montreal Urban 8¾pc 1981	99½	100½
Nt. Coal Board 8¾pc 1981	99½	100½
New Bruns. Prv. 8¾pc '83	102½	103
New Zealand 8¾pc 1986	99½	100½
Nippon Fudosan 9pc 1981	99½	100½
S. of Scot. Elec. 8¾pc '81	97½	98½
FLOATING RATE NOTES		
Vizcaya 7½ min. 1981	94½	95½
Urquijo 7½ min. 1981	97	97½
BK Tokyo Hdg. 8½ min. '84	100½	101½
LTCB of Japan 8½ min. '81	99½	99½
D-MARK BONDS		
Beecham 8pc 1983	101½	102½
EIB 6¾pc 1984	98½	99
Giro. Vienna 7½pc 1983	101½	102½
New Zealand 7½pc 1986	103½	104½
Pemex 8½pc 1982	98½	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	82½	84½
Ashland 5pc 1988	97½	99½
Beatrice Foods 4¼pc 1992	101½	103½
Beatrice Foods 4½pc 1992	120½	122½
Borden 5pc 1992	102	105
Broadway Hale 4½pc 1987	78½	80½
Canon Camera 7pc 1989	181	184
Carnation 4pc 1987	86	88
Chevron 5pc 1988	118	120
Dart 4¾pc 1987	84½	86½

Eastman Kodak 4½pc 1[...]
Economic Labs. 4½pc 1[...]
Fed. Dept. Stores 4½pc [...]
Firestone 5pc 1988
Ford 5pc 1988
Ford 5pc 1986
General Electric 4¼pc 1[...]
Gillette 4¾pc 1987
Gould 5pc 1987
Gulf and Western 5pc 1[...]
Harris 5pc 1992
Honeywell 6pc 1986
ITT 4½pc 1987
Komatsu 7½pc 1990
J. Ray McDermott 4¾pc [...]
Mitsubishi Elec. 7¼pc 1[...]
Mitsui 7¼pc 1990
J. P. Morgan 4¼pc 1987
Nabisco 5¾pc 1988
Owens Illinois 4½pc 1987
J. C. Penney 4¼pc 1987
Pioneer 8pc 1990
Raymond 8¾pc 1993
Revlon 4¾pc 1987
Reynolds Metals 5pc 1[...]
Sperry Rand 4¼pc 1987
Squibb 4¼pc 1987
Texaco 4¾pc 1988
Toshiba 6¾pc 1990
Union Carbide 4¾pc 1982
Warner Lambert 4¼pc 1[...]
Warner Lambert 4¾pc 1[...]
Xerox 5pc 1988
Source: Kidder, Peab[...]

صكنا من الاجل

INTL. FINANCIAL AND COMPANY NEWS

Austrian motor industry in two new car ventures

BY PAUL LENDVAI

VIENNA, December 7

) MAJOR projects involving ign partners are likely to ·a new impulse to the Aus- ı motor industry. The first ect involves a joint venture ·een the Austrian Steyr- nler-Puch company, and the t German Daimler-Benz, pro- ·r of the Mercedes cars.

ıe second and more contro- ıal plan envisages the ching of a new medium-sized :rian car, perhaps to be ıd "Austro-Porsche."

Steyr and the German concern signed in 1973 a basic agreement about preparing the production of a cross-country vehicle. It has now been announced that the preparations have reached the stage at which the setting up of a joint company can be expected towards the end of this year.

The new company would have a paid-up capital of Sch.140m. (about £5m.), put up in equal proportion by the two partners.

Production should begin towards the end of 1977, with an initial target of 10,000 cross-country vehicles per annum. Initial investment costs are put at Sch.500m. The vehicle would primarily be manufactured in the Steyr at Graz.

Optimistic estimates put the final capacity at 30,000 units annually, in view of sales possibilities not only in Europe but in Africa and the Middle East.

Steyr is already engaged in major co-operation ventures with the Polish State motor corporation, Polmot, concerning the production of heavy lorries in Poland, and is also involved in the erection of a lorry and tractor plant in Greece.

The second Austrian motor project is more ambitious but also more controversial. The idea of launching a car manufacturing operation in Austria relying on its own resources was put forward some time ago by Dr. Franz Geist, director-general of OIAG, the holding company for the nationalised industry.

A feasibility study at a cost of Sch.3m. is now being drawn up by the German Porsche AG, and it is expected to be completed by next February.

The project is regarded by its supporters as an essential instrument to help the nationalised iron and steel industry, which exports about 60 per cent. of its output and is faced with long-term sales difficulties.

In the opinion of Dr. Geist, structural changes and new departures are necessary if this crucial branch is to survive.

Furthermore, Austria is an important market for foreign car producers. This year so far new registrations for cars and delivery vans were up by 17 per cent. to 170,000 units. Last year the imports of 191,000 units cost Austria Sch.9.5bn.

In view of the growing trade deficit, the plan to produce an Austrian car—possibly 50,000 units per annum—has become a matter for intense speculation. In contrast to Dr. Geist, experts in the industry, however, have expressed strong doubts about the viability of this project.

/W and MAN set heir sales target

IY GUY HAWTIN

FRANKFURT, Dec. 7.

.KSWAGEN and Maschinen- ik Augsburg Nuernberg N) hope to sell an annual 0 of their planned six to -tonne commercial vehicle e when they start production ıe end of 1979. At least half expected to go for export.

ᵉen so they are aiming for zeable chunk of the West nan home market, which this will absorb about 20,000 cles in this class. Both ps will manufacture com- nts for the new range, but site of the assembly plant not yet been chosen.

ıe Financial Daily Handels- . to-day reports that the ent thinking by both groups o site the plant in North nany. Preparatory work he project, however, will not completed until about 1977.

ccording to Handelsblatt, vehicles will be priced ·een DM20,000 and DM25,000 25 and £6,281). This will the operation an initial over of some DM350m. m.) a year.

aimler Benz is hoping that year will see a substantial in its exports to North rica. This year, serious age of supply is expected ıt the group's sales in the from 45,000 vehicles to only 0.

e Daimler Benz sales target for the market in 1977 is 46,000 and it seems likely that it will have no great problems in achieving the figure. Despite the fact that their prices are way above those of Detroit top line products, the Mercedes marque remains highly popular.

North America accounts for some 12 per cent. of Daimler Benz motor-car sales. However, it contributes some 46 per cent. of all sales in the expensive eight-cylinder engine class and no less than 67 per cent. of the group's sales in the eight-cylinder sports car class—a fascinating statistic in view of the U.S. blanket speed limit of 55 mph.

Some 60 per cent. of Daimler's deliveries to the North American market are "small-models"—such as the 230, 280E, 240D and 300D. Demand for diesel models alone accounts for half of total American sales.

Deere counts cost

DEERE and Co. said the United Auto Workers strike at its U.S. farm and industrial equipment plants resulted in lower earnings for the fourth quarter ended October 31, and will reduce the total production originally scheduled for the fiscal first quarter 1977, reports Reuter from Illinois. The strike was settled on November 9.

Electrobel sees better first half

BRUSSELS, Dec. 7.

COMPAGNIE GENERALE d'Entreprises Electriques et Industrielles SA (Electrobel) expects profits in the six months to end-December to be slightly up on the comparable period last year, but is more concerned about the second half of the financial year ending June 30 next, chairman Yves Boel told Reuters after the annual meeting.

He said if the Belgian economy remains flat the group will probably see higher profits for the year as a whole, but noted that Belgian industry is once again in a trough.

M. Boel said that the group could have paid a slightly higher dividend for 1975/76 if there had not been a dividend freeze.

He declined to comment on dividend prospects for the current year.

Figures released during the meeting show that the group's portfolio investments and holdings in other companies were worth Bfrs.9.40bn., or 34.9 per cent. more than book value, at December 3. This compares with B.Frs.9.12bn., or plus 32.3 per cent. at June 30 this year and B.Frs.9.89bn. (plus 42.41 per cent.) at June 30, 1975.

In year ended June 30, 1976, Electrobel made a net profit of Bfrs.715.1m. (724.2m.) and is paying a net dividend of 400 francs a share (same).

AGIP awarded oil concession

By Paul Betts

ROME, Dec. 7

AGIP, the oil subsidiary of the State-controlled ENI groups, has been awarded an offshore exploration concession north-west of Sinai by the Egyptian General petroleum agency, the company said to-day.

The agreement, which is on a production-sharing basis, has been welcomed by the Italian authorities as a sign of greater commercial and industrial co-operation between the two countries.

Agency.

ɪAB BANKING

Big ambitions at BAII

BY HENRY SCOTT STOKES IN PARIS

IPETITION between Arab king institutions in Paris is dily increasing. Arab inter- onal finance is still almost its infancy. Arab institutions dle only a minimal amount he surplus funds generated he Middle East oil producers made available in the Euro- ket, but the picture is evolv-

the investment banking . the Banque Arabe et ·nationale d'Investissement II) is staking its claim. The ng force behind this bank, h is a 50:50 Arab-European ortium bank in structure, a holding company in mbourg, is Roger Azar, a ar-old Lebanese director of

obond market

ır claims that BAII is "the ıg Arab international invest- bank." His assertion is on the bank's performance ıe Eurobond market, in ı, this year, it has managed managed issues to the value ome $858m.—as against ı. in the whole of last year.

ged by the Eurobond mar- ıe claim is a solid one. In Arab issuing houses have a much smaller share of a y expanded business, gain- nly 11.5 per cent. of the market in the first half of 1976 as against 32 per cent. in the whole of 1975.

But, while the big Kuwaiti investment companies—such as Kuwait Investment Company (KIC) and Kuwait International Investment Company (KIIC)—have seen their business decline, BAII has forged ahead. In the first half of the year the bank accounted for about 5 per cent. of the Eurobond market as against only 6.5 per cent. for all other Arab issuing houses put together.

This success has been obtained against the odds. For BAII has no access to government funds—unlike the Kuwaitis in this respect—and, though it has benefited greatly from the huge oil price increases in 1973, these gave it no competitive edge over the dozen or so other Arab banks which were started at the same time.

Azar claims that the success of BAII has been due to bold management. He boasts a good number of "premieres" of which the latest was the first public issue in UAE Dirhams, worth $25m., and made on behalf of Compagnie Nationale Algerienne de Navigation in June.

Azar also asserts that European issuing houses have noted its presence. The Deutsche Bank, the leading European issuing house, chose BAII to co-manage a $500m. part of the mammoth $1.3bn. maiden issue of the EEC early this year.

The bank's shareholders have undoubtedly been a help. They include Banque Nationale de Paris, the Bank of America and Barclays Bank, and, on the Arab side, the Government of Abu Dhabi, and also Kuwait, Qatar and Saudi interests. But they have not been supplying BAII with official funds, Kuwaiti-style.

So good management has played its part. And BAII has been aggressive, ploughing most of its earnings back into the business—and thus declaring net profits in 1975 of only $1m. (though also taking profits in Luxembourg through its holding company).

The question, as more Arab institutions come into being, is whether BAII can maintain its position as "the leading Arab international investment bank." Much must depend on its future plans.

With assets at end-September of $800m., up by 40 per cent. this year, it is liquid. Its funds under-utilised at present, BAII is planning an aggressive expansion of its role, mainly in the Eurodollar market—in syndicated loans—but also in the Eurobond market.

Accordingly, explains Azar, BAII has hired several bond traders from a French bank, Interunion, and it will back up an expansion of secondary market trading by a "dramatic rise in portfolio management."

The bank will seek more issue business, especially co-managements. "In the first three years of the bank's life," according to Patrick Lathrop, an American director, "it was policy to respect existing client relationships." But BAII will now tackle borrowers directly, short-circuiting European banks "who have hitherto not shown enough interest in the Arab world and failed to bring us enough business." Secondly, the bank will step up real estate development in the Middle East. "The market for real estate in the Gulf area has been exceedingly bullish since the flow of oil money has increased the development prospects of these countries," according to Azar. BAII is going into partnership with American real estate interests in the Middle East.

Thirdly, BAII will set up offices in "possibly three other major financial centres" in addition to New York, where it has bought 10 per cent. of a leading broker with a strong underwriting department, Reynolds Securities.

Azar is especially keen on this last move. "You cannot service the Middle East," he says, "without a base in New York where the great bulk of Arab surplus funds are now flowing."

The BAII director has just been in New York. And one of his aims has been to increase the bank's share in Reynolds. "It is turning itself into a multi-service investment bank," according to Azar, "and it has itself just bought Baker Weeks, a top research service in New York."

These actions point to the extent to which competition is increasing between Arab financial institutions in Europe, notably those based in Paris (which attracts Arab banks for political reasons, though the arguments for settling in London are stronger on purely business grounds).

UBAF's role

The top Arab commercial bank in this part of the world is the Union de Banques Arabes et Françaises (UBAF). UBAF, also, has set up a bridgehead in New York, and this year opened its own bank there, in association with leading U.S. institutions.

As a commercial bank UBAF, with world-wide group assets of well over $9bn., is far bigger than BAII. It has also, as befits an institution with larger funds, been more active than BAII in the syndicated loans market, where the latter bank is placed second to UBAF among Arab concerns.

With BAII making such progress in the Eurobond market, meanwhile, there are signs of restiveness at UBAF. "We, too, have our ambitions in the field of investment banking," stated a director there.

Thus—and with new organisations coming into existence in the Middle East, such as the Abu Dhabi investment authority—the world of Arab banking is in vigorous motion. "The more players the better," says Azar, meaning by this Arab players. Nonetheless, the competition will be tougher.

'No escape from $1,000bn oil investment outlay'

BY PETER CARTWRIGHT

NO ESCAPE lay ahead from the burden of staggering investment outlays to secure more oil over the next decade—about $1,000bn.—Dr. Leslie Peacock, vice-chairman of Texas Commerce Bancshares, said in Birmingham yesterday.

"Those who do not believe this are indulging in some form of fantasising," he told a conference sponsored by the Financial Times on Oil in Deeper Waters. The conference is being held in conjunction with Petroleum Times, the Society for Underwater Technology, the Institute of Petroleum and Ocean Energy, at the same time as an exhibition at the National Exhibition Centre.

Dr. Peacock recalled that an investment of less than $100 per daily barrel had been required in East Texas. To-day, there, in the Gulf of Mexico and the North Sea, something like $15,000 per daily barrel of oil produced was needed.

That was a very different economic proposition to costs of about $400 a daily barrel in the Middle East.

In view of these cost increases, the $1,000bn. of new investment outlays required over the next decade did not look so extraordinarily large—"it seems on the conservative side."

Of the total, some $480bn. would be needed to find new resources, with a similar amount necessary for transport, processing and marketing.

Important

Whether the amount needed would be forthcoming would depend heavily on whether national policies recognised the importance of preserving incentives to invest, and, through the allowance of adequate profits, the capacity to invest.

Historically, petroleum companies had generated internally 70-80 per cent. of capital requirements.

"If they are to do so over the next 10 years," Dr. Peacock forecast, "they will have to have available something like $750bn. from internally generated cash earnings, as well as the continuing incentive to reinvest in petroleum and related fields."

But world-wide trends were operating against such prosperity. In the U.S., for example, "great violence" was being done to the climate for investment by petroleum corporations, in the form of threats of divestiture, punitive tax actions and artificial and arbitrary controls that held energy prices below their economic levels.

Outside the U.S., Governments grew increasingly acquisitive in the terms imposed on concession agreements, thereby cutting into corporate profits and reducing the attractiveness of exploration precisely when the capital required was rising at a stupendous rate.

There was a point along the scale of incentives at which a country's citizens reasonably might object that the nation's resources were being given away.

There was another point at which not enough was done. His U.S. colleagues had expressed concern that perhaps the balance was tipped too far in the direction of narrower national ambitions.

That would probably not serve well the longer range objectives of maximum increased production.

Mr. David Steel, chairman of British Petroleum, said the oil industry believe as much oil was waiting to be discovered as had already been found. About 20 per cent. might be below the North Sea and other West European waters.

A new and challenging phase

FINANCIAL TIMES OIL IN DEEPER WATERS CONFERENCE

was opening up. It was considered that there was negligible oil at extreme ocean depths and this represented a significant change of view.

The industry was approaching exploration in deeper waters more cautiously than two or three years ago. However, there was no doubt that oil would be found at depths of more than 600 feet and as drilling had already extended to 3,640 feet, costs would be high.

Burden

"I don't believe that beyond the Continental Shelf will be a cornucopia," Mr. Steel declared. "Only large discoveries will prove economically viable."

As the industry moved into deeper waters, licences must have a longer tenure and the burden on those undertaking the first drilling must be lightened.

Dr. Dickson Mabon, Minister of State, Energy, reminded his audience that the U.K. was already benefiting to the extent of 20m. tonnes of oil a year. Next year we could be getting 35m.-45m. tonnes, between a third and a half of what the U.K. needed.

The British share of the North Sea offshore market, already more than half the total of £1.185bn., should further expand through protection, equipment for the vast investment in rigs, platforms and associated equipment, despite a slackening in ordering.

Dr. Mabon disclosed that further discussions would be held with the Norwegian Gov... in the spring over exp... of boundary areas.

This would be ... through establishment o... Norwegian Committee ... shore Oil and Gas, at ... level under alternate ... Norwegian chairmanshi...

Mr. Bjorn Gjerde, ... Minister of Industry, ... be one of the chairme... committee, together ... Anthony Wedgwood ... Energy Secretary, rec... only about 3 per cen... North Sea had been ex...

The unlocated are... therefore very exten... already, sufficient re... been proved to provide ... way's needs for 160 ye...

Oil production this ... 14m. tonnes, and No... become the first oil-... nation in Continenta... During the 1980s Norw... be producing five to ... more oil than would b... plus large amounts of...

In addition to fuller ... tion with the U.K., No... entered into similar ... with Sweden, Denmark ... Germany. Next year ... sions would be initiated ... land, the Netherlands a...

If an oil pipeline ... brought ashore on th... coast, it would sim... expansion of an indigen... chemical industry basi... ing up possibilities of ... ing with other West ... countries.

Mr. Gordon Senior, ... of W. S. Atkins and ... dealing with alternativ... tion systems, emphasise... for universities to be ... more closely into focus...

Benefit

They were beginning ... from a major new initi... the Engineering Boar... Science Research Cou... council was funding ... sity Centres of Experti... as individual research ... Parallel efforts were b... in the U.S.

Mr. T. E. Steer, ... manager of Vickers ... Developments, outline... systems and drew att... the new problems they ... management, which w... to develop new strat... techniques.

Mr. Bernard Usqu... national marketing c... of Comex-Seal U.K., sa... systems of deepwater ... had reached practical a...

Exxon, for example, ... ing a remote-contro... grated production syst... Gulf of Mexico, and ... taine had another off...

Mr. J. D. Bax, mana... tor of IHC Gusto, de... techniques required for ... drillships for deep wat...

Mr. A. E. Lambert, ... director of Fire and ... Group, Mather and ... lined the hazards of o... and production.

irmn ... SHARE

London Clearing Bank's balances

at November 17, 1976

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

	Total outstanding £m.	£m.	Change on month £m.	£m.
LIABILITIES				
Sterling deposits:				
U.K. banking system	2,872		−339	
Other U.K. residents	24,292		+178	
Overseas residents	1,670		+ 9	
Certificates of deposit	1,730		+ 39	
		30,564		−133
of which: Sight		11,294		−119
Time (inc. CD's)		19,270		− 14
Foreign currency deposits:				
U.K. banking system	3,225		+ 33	
Other U.K. residents	897		+ 55	
Overseas residents	9,165		+162	
Certificates of deposit	1,167		− 59	
		14,454		+211
Total deposits		45,018		+ 78
Other liabilities		6,960		+ 71
TOTAL LIABILITIES		51,978		+149
ASSETS				
Sterling				
Cash and balances with Bank of England		1,036		− 63
Market loans:				
Discount market	1,191		+ 18	
U.K. banks	4,507		−313	
Certificates of deposit	836		− 17	
Local authorities	1,311		+ 87	
Other	327		− 19	
		8,172		−243

	Total outstanding £m.	£m.	Change on month £m.	£m.
Bills:				
Treasury bills	827		− 86	
Other bills	862		+ 47	
		1,689		− 39
Special deposits with Bank of England		1,189		+363
Investments:				
British Government stocks	1,838		+ 28	
Other	985		− 5	
		2,823		+ 23
Advances:				
U.K. private sector	15,306		+ 71	
U.K. public sector	209		− 49	
Overseas residents	2,132		+ 21	
		17,647		+ 43
Other sterling assets		4,395		− 95
Foreign currencies				
Market loans:				
U.K. banks and discount market	2,883		− 71	
Certificates of deposit	244		—	
Other	5,677		+261	
		8,804		+190
Bills		33		− 2
Advances:				
U.K. private sector	1,848		+ 25	
U.K. public sector	1,096		+ 21	
Overseas residents	2,692		− 8	
		5,636		+ 38
Other foreign currency assets		654		+ 34
TOTAL ASSETS		51,978		+149
Acceptances		394		− 1

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
LIABILITIES												
Total deposits	45,018	+ 78	12,289	+224	8,498	−348	8,954	+188	12,626	+ 15	1,631	− 1
ASSETS												
Cash and balances with Bank of England	1,036	− 63	330	− 9	153	− 49	238	+ 12	294	− 14	21	− 3
Market loans:												
U.K. banks and discount market	8,581	−365	1,809	−302	2,030	−141	1,650	+130	2,759	− 36	333	− 16
Other	8,395	+312	2,207	+136	1,878	+ 63	1,419	+100	2,578	+ 25	312	− 12
Bills	1,722	− 41	702	+261	371	−170	216	−154	453	− 15	80	+ 37
Special deposits with Bank of England	1,189	+363	360	+ 81	185	+ 32	224	+ 49	385	+ 91	36	+ 9
British Government stocks	1,838	+ 28	456	+ 15	522	+ 1	325	− 1	511	+ 10	24	+ 3
Advances	23,283	+ 81	6,695	+ 81	3,947	− 33	4,950	+ 23	7,067	+ 12	924	− 2

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change
Eligible liabilities	20,446	+384	6,505	+179	3,017	− 16	4,540	+214	5,719	+ 29	665	− 22
Reserve assets	2,759	+ 30	882	+ 21	402	− 13	607	+ 34	777	− 14	91	+ 2
Reserve ratio (%)	13.5	− 0.1	13.6	—	13.3	− 0.4	13.4	+ 0.2	13.6	− 0.3	13.7	+ 0.8

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Nov. 17, 1976 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	20,579	+389
Scottish clearing banks	2,239	+ 46
Northern Ireland banks	642	+ 20
Accepting houses	1,716	− 6
Other	5,905	− 15
Overseas banks		
American banks	3,627	+102
Japanese banks	352	− 16
Other overseas banks	2,024	+107
Consortium banks	164	+ 5
Total eligible liabilities*	37,246	+633
Reserve assets		
U.K. banks		
London clearing banks	2,777	+ 30
Scottish clearing banks	298	− 3
Northern Ireland banks	91	− 6
Accepting houses	274	+ 10
Other	827	−131
Overseas banks		
American banks	503	+ 4
Japanese banks	50	− 1
Other overseas banks	330	+ 19
Consortium banks	41	− 7
Total reserve assets	5,190	− 86
Ratios %		
U.K. banks		
London clearing banks	13.5	− 0.1
Scottish clearing banks	13.3	− 0.4
Northern Ireland banks	14.2	− 1.4
Accepting houses	16.0	+ 0.6
Other	14.0	− 2.2
Overseas banks		
American banks	13.9	− 0.3
Japanese banks	14.2	+ 0.4
Other overseas banks	16.3	+ 0.1
Consortium banks	25.3	− 4.8
Combined ratio	13.9	− 0.5
	£m.	£m.
Constitution of total reserve assets		
Balances with Bank of England	320	− 61
Money at call:		
Discount market	1,872	+184
Other	184	+ 1
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury Bills	1,547	−178
Other bills:		
Local authority	106	− 19
Commercial	639	+ 16
British Government stocks with one year or less to final maturity	522	− 30
Other	—	—
Total reserve assets	5,190	− 86
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	363	+ 4
2—Finance houses		
Eligible liabilities	320	+ 19
Reserve assets	35.2	+ 1.5
Ratio (%)	11.0	− 0.2

Special deposits at November 17 were £1,791m. (up £392m.) for banks and £15m. (up £3m.) for finance houses. * Interest-bearing eligible liabilities were £26,057m. (up £840m.).

APPOINTMENTS

C. Laidlaw tak... over at BP Oi...

Mr. Christopher Laidlaw is to become chairman of BP OIL from January 1 in place of Mr. David Steel, who is leaving the Board at the end of this year. At the same time Mr. Alan Gregory will join the Board. Mr. Steel is chairman of the British Petroleum Company. Mr. Laidlaw is a managing director of the British Petroleum Company, a director of BP Oil, and was a director of Shell-Mex and BP for 12 years prior to the demerge and its chairman in 1974. Mr. Gregory is a director of BP Trading.

*

Mr. Maurice Haddon-Grant has been appointed to the OCCUPATIONAL PENSIONS BOARD. He is secretary of Plessey Company.

*

Mr. R. J. Kimber, Mr. J. R. Scott and Mr. R. Thornton-Jones have been appointed to the Board of HAWKER SIDDELEY POWER ENGINEERING.

*

Mr. H. Ambrose has been appointed a director of BLAND PAYNE (AVIATION). Mr. G. A. Clarke, Mr. M. Cowie, Mr. B. J. Morgan and Mr. G. Realf have become executive directors and Mr. J. Crew and Mr. P. Jakes, assistant directors.

*

Mr. Geoffrey Edwards, general manager of the LIVERPOOL DAILY POST AND ECHO, is to resign next March to take up a post in the newspaper industry in the U.S. From March 1, the general manager of the group's daily newspapers will be Mr. Ian Hamilton Fazey. Mr. C. F. Czilinsky is to become assistant general manager at the same time.

*

Dr. Frederick Taylor has resigned as technical and development director of SWAN HUNTER SHIPBUILDERS, to take up a new post as technical director of the AUSTRALIAN NATIONAL LINE. He goes to Melbourne in the New Year. Mr. Leonard Johnson, contracts director with Swan Hunter Shipbuilders, has assumed the additional duties of technical director.

*

Mr. Charles B. Myring has been appointed U.K. sales director of PARKER DYES AND CHEMICALS. He was previously with Bayer (U.K.).

*

Mr. John R. Crook has been appointed managing director of ASSOCIATED FISHERIES AND FOODS, a subsidiary of Associated Fisheries.

*

Captain W. D. J. Barker has been appointed chief marine superintendent of BP TANKER COMPANY.

*

ROBERT BOSCH, U.K. subsidiary of Robert Bosch GmbH, Stuttgart, West Germany, has appointed Mr. H. D. ... financial director.

*

Mr. Donald Parker h... managing director of ... HEATING and has ... ceeded by Mr. Peter ... managing director of V... home. Mr. John Butlers ... made sales director of ... division.

*

Mr. Philip H. Behr ... appointed vice-presid... CHARTERHOUSE GRO... NATIONAL INC., the ... banking subsidiary of ... terhouse Group, in New ... Behr, who will be based ... delphia, was formerly w... Montgomery Scott Inc.

*

Mr. John G. Green... been appointed a direct... MANAGEMENT.

*

Alfred Preedy and ... completed the purchase ... MERCIAN WHOLESAL... Mr. G. C. Hales continue... aging director of that ... He is joined on the ... Preedy directors and ... Bowdler and Mrs. S. ... Mr. E. G. Smith has ... from West Mercian.

*

Mr. Anthony Slipper ... appointed executive cha... JEYES GROUP, succee... Leo Ellery who has bee... ing director for ... Schweppes, the parent ... Mr. Clive Thompsett ... made chairman and ... director of Cadbury Ni... chairman of Cadbury ... place of Mr. Slipper. ... Cilliers and Mr. Johan ... joined the Board of ... Schweppes (South Afric...

*

Mr. Peter Jupp, manag... tor of Concrete (North... Mr. Donald H. C. M... managing director of ... Engineering Constructi... been appointed dire... CONCRETE. Mr. T. S. ... retired from the Board ... tinues as a director of ... (Northern).

*

Mr. Barry P. Smith ... appointed a director ... KEARNEY.

*

Mr. P. F. Manning an... P. Scott have been app... the Board of PIMM'S, ... sidiary of Distillers.

*

Mr. K. B. Wills, ... manager of the EQUITAB... ASSURANCE SOCIETY, ... appointed a director ... January 1.

*

Mr. Peter Hughes h... appointed director of fi... the COPE ALLMAN IN... TIONAL group.

WALL STREET + OVERSEAS MARKETS +FOREIGN EXCHANGES

Early firmness despite profit-taking

OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 7.

ES HELD rm on Wall Street v, following yesterday's 11.22 ice on the Dow Jones Indus- Average, with the market nuing to benefit from antici- n of economic stimulus after dent-elect Carter takes .

. profit-taking cut into r gains. At 1 p.m. the strial Average was up ier 0.33 to 962.10, after rising to 965.92. The NYSE All

Closing prices and market reports were not available for this edition.

mon Index was 4 cents higher 55.68, after $55.81, while ces narrowed their lead declines to about a four-to- margin. Trading volume nded 2.8m. shares to 15.25m., ared with 1 p.m. yesterday. rkets also benefited from ing interest rates which ove the relative worth of s as investments.

Further evidence of lower est rates was seen in a cut per cent. from 6¾ per cent. e rate on long-term Savings Certificates by Williamsburg Savings Bank in New York.

Du Pont added $¼ at $127¾—a major expansion at its plant in Orange, Texas, will come on stream in the 1977 second quarter.

IBM lost $1¼ to $271¾, while Xerox gave way $⅜ to $58¾ following bearish Press comment.

Deseret Pharmaceutical were lifted $7 to $37¾ on Warner-Lambert's, up $⅜ to $29⅜, offer for all shares at $38 each.

Rapid-American rose $⅜ to $4⅜ on higher third quarter operating earnings and its forecast of fiscal year operating earnings of $8m. to $10m.

The American SE Market Value Index added 0.38 at 101.35 and advances topped declines by 271-to-217. Trading volume expanded 560,000 shares to 1.67m., compared with 1 p.m. yesterday.

OTHER MARKETS

Canada mixed

Canadian Stock Markets were mixed in fairly active trading yesterday morning.

The Industrial Share Index put on 0.23 to 168.43, Western Oils gained 1.01 to 203.83, Banks rose 1.40 to 226.86 and Papers firmed 0.47 to 104.54. But Golds lost 0.60 to 306.26, Base Metals shed 0.04 to 76.10 and Utilities eased 0.25 to 138.42.

Home Oil "B" were lifted $1½ to $22½—it increased its takeover bid for Canadian Export Gas and Oil, up $½ at $6½.

Hudson's Bay Oil moved up $1¼ to $34¼ and Texaco Canada gained $⅞ to $22⅞.

PARIS—Mostly irregular. The easing of Call Money rates to 10⅞ per cent. from 10½ aided sentiment, but a negative factor was the continued National Newspaper strike.

Ste Francaise des Nouvelles Galeries rose nearly 2 per cent. on an 8 per cent. rise in turnover for its Provincial Stores in the first 11 months.

American and Dutch issues gained ground, helped by Wall Street. Siemens led Germans higher. Gold Mines eased slightly, while Coppers were steady.

AMSTERDAM—Firmer as buying interest increased.

Royal Dutch rose Fls.1.7 to 120.9 and Unilever Fls.1 to 113.3 on strong demand.

ABN, up Fls.5.50 to 287.5, led Banks higher. Shippings rose but Insurances were mixed.

AMEV shed Fls.0.5 to 49.5—it will bid for the shares of Investment Fund NEFO.

Industrials and Trading stocks were higher.

Bonds eased.

GERMANY—Most shares gained up to DM1.50 but were off the day's highs on some profit-taking.

In Electricals AEG put on DM1.8 to 83.7—the Federal Cartel Office has given AEG permission to take over the majority of the voting capital of Hartmann and Braun AG.

Banks were narrowly mixed. Among Department Stores, Horten dropped DM5 to DM129.

The new DM150m. Kaufhof Bond traded between banks ahead of issue at 99.5-100 per cent.

BRUSSELS—Higher over a wide front after active trading. Reports that the Government may loosen its dividend freeze helped market sentiment.

Non-Ferrous Metals gained ground, Steels finished mixed. Electricals and Utilities were higher.

Among steady to higher Internationals, U.S. shares were mostly better, South African Gold Mines were better, French stocks gained ground. Germans were little changed, while Dutch issues finished narrowly irregular.

COPENHAGEN—Higher on a broad front in moderate dealings. Banks, Communications, Commodities and Shippings all gained ground, while Industrials were narrowly mixed.

OSLO—Industrials and Shippings were quiet; Banking firm, while Insurances were steady.

SWITZERLAND—Markets continued to move higher in a selectively active turnover.

Major Banks met good demand, while Financials and Insurances also rose.

In an active Foreign sector, Dollar stocks rose, Dutch Internationals were mixed, while Germans pointed higher.

VIENNA—Firmer in generally quiet dealings.

MILAN—Mixed in thin trading, with activity hampered by to-day's holiday.

Pirelli Spa rose Lire 137 to 1,394 on strong demand.

HONG KONG—Slightly higher in slow trading.

Hong Kong Bank were up 10 cents to $HK18.40, Hong Kong Land 5 cents to 7.00, Jardine 10 cents to 16.60, Swire Pacific "A" 5 cents to 9.30, Hong Kong Electric 2½ cents to 4.70, Hong Kong Telephone 10 cents to 28.00, Hong Kong and Kowloon Wharf 10 cents to 14.90 and Hong Kong Dock 10 cents to 9.95.

TOKYO—Sharply higher in brisk trading, with selective demand speading over a wide front. Volume 330m. (200m.) shares.

Electricals, Pharmaceuticals, Petroleums and Motors were in demand on expectations a further business-stimulating package might be introduced.

Seiyu Store were up Y100 to 2,170, Ezaki Glico Y90 to 1,250, Matsushita Electric Trading Y90 to 1,750, Makita Electric Works Y80 to 1,890, Nippon Denso Y80 to 1,980, Taiyo Yuden Y78 to 820, Kyoto Ceramic Y70 to 3,670 and Murata Seisakusho Y70 to 1,410.

But Nippon Television Network lost Y80 to 4,320. Matsushita Kotobuki Y70 to 1,580, Nippon Hodo Y25 to 855, Teikoku Tsushin Kogyo Y24 to 681, Nippon Columbia Y24 to 651, Aichi Machine Industry Y22 to 708.

JOHANNESBURG—Gold shares were higher in line with European bullion indications, although dealers noted small profit-taking.

Financial Minings remained basically firm in quiet trading. Coppers were occasionally higher but Platinums eased. Other metals were unchanged to slightly firmer.

Collieries were harder and Industrials were quietly firmer.

AUSTRALIA — Mixed in quiet trading, with the Australian dollar revaluation announcement reversing early gains in some leading Export-Oriented Mining and Industrials, although some recovered towards the close.

CRA rose 5 cents to $A2.90 but Peko-Wallsend lost 5 cents to 3.90. Kathleen put on 5 cents to 1.10 and EZ Industries 2 cents to 2.72.

BHP firmed 2 cents to 6.90.

Banks continued strong.

DAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
...	358,700	9¼	+⅛
...w'lth Edison	219,000	32	+⅛
...America	214,400	27⅞	+⅛
...ndustries	214,200	7⅞	+⅛
...il	213,600	29⅞	+⅛
Nat. Mort.	193,100	16⅛	−⅛
...Harman	186,200	20⅜	+1⅛
...	159,500	26⅞	+⅛
...ntal Petrolm.	178,600	21	−⅜
...ru Co.	169,600	16	+⅛

Indices

NEW YORK—DOW JONES

	Dec. 6	Dec. 3	Dec. 2	Dec. 1	Nov. 30	Nov. 29	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	961.77	958.56	946.64	948.86	947.22	950.06	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
H'me Bnds*	91.46	91.52	91.09	90.89	90.57	90.59	91.46 (6/12)	85.98 (13/7)	—	—
Transport	231.01	226.56	226.26	227.20	228.12	228.57	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.20	103.14	101.96	101.71	101.77	101.92	104.20 (6/12)	84.8 (25/6)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	24,860	22,840	25,580	21,990	17,080	18,750	—	—	—	—

Basis of index changed from July 1.

	Dec. 3	Nov. 26	Nov. 22	Year ago (approx.)
Ind. div. yield %	4.80	4.26	4.24	4.67

STANDARDS AND POORS

	Dec. 6	Dec. 3	Dec. 2	Dec. 1	Nov. 30	Nov. 29	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	116.12	114.23	115.62	114.15	116.77	114.19	120.89 (21/9)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	105.56	102.76	102.12	102.49	102.10	102.44	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Dec. 1	Nov. 24	Nov. 17	Year ago (approx.)
Ind. div. yield %	3.78	3.77	3.84	3.84
Ind. P/E Ratio	11.15	11.54	11.35	12.09
Long Govt. Bond yield	5.28	5.33	5.36	8.06

N.Y.S.E. ALL COMMON

Dec. 6	Dec. 3	Dec. 2	Dec. 1	1976 High	1976 Low
55.64	55.20	54.87	55.05	57.51 (21/9/76)	57.08 (2/1/76)

Rises and Falls	Dec. 6
Issues Traded—1,928	Up—1126
Down—384	Same—418
New Highs 147	New Lows 6

MONTREAL

	Dec. 6	Dec. 3	Dec. 2	Dec. 1	1976 High	1976 Low
Industrial	168.24	184.44	163.56	162.98	207.65 (19/0)	161.54 (30/11)
Combined	167.44	165.88	164.74	165.62	199.78 (20/1)	162.18 (30/11)
TORONTO Industrial	168.20	166.85	165.24	164.56	197.46 (20/2)	162.72 (30/11)
JOHANNESBURG Gold	175.5	171.8	172.0	171.7	226.7 (13/3)	115.5 (3/1)
Industrials	174.8	174.2	174.2	174.0	215.0 (21/5)	175.8 (30/11)

	Dec. 7	Previous	1976 High	1976 Low
Australia (a)	418.75	417.34	532.65 (19/1)	404.89 (26/11)
Belgium (b)	94.81	93.27	115.15 (5/2)	27.13 (25/10)
Denmark (d)	98.46	97.97	117.70 (14/6)	96.48 (1/12)
France (e)	65.7	65.6	74.6 (5/5)	51.5 (1/12)
Germany (f)	727.0	724.6	821.5 (17/3)	661.7 (29/10)
Holland (g)	78.0	78.4	102.2 (6/2)	17.9 (13/10)
Hongkong (h)	400.33	393.55	465.55 (17/3)	354.20 (2/1)
Italy (i)	75.76	75.61	81.51 (23/2)	64.93 (10/11)
Japan (m)	527.04	522.87	509.61 (1/9)	456.28 (1/1)
Singapore (n)	245.72	246.14	256.16 (3/1)	236.50 (2/1)

	Dec. 7	Previous	1976 High	1976 Low
Spain (p)	76.26	77.15	100.79 (7/5)	72.22 (11/11)
Sweden (q)	390.59	388.57	476.95 (13/8)	398.51 (3/11)
Switz'rl'd (r)	275.9	271.4	289.6 (13/5)	262.5 (10/11)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10; (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (i) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966 (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—117¼% (119%)

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

Pound improves

The statement by Mr. Denis Healey, Chancellor of the Exchequer, indicating that he will announce economic measures next week and also hopes to disclose an agreement in principle on the subject of sterling balances pushed the pound up sharply in the foreign exchange market yesterday afternoon. It closed at $1.6705-$1.6725, a gain of 1.45 cents on the day, and sterlings late improvement tended to assist the U.S. dollar towards the close.

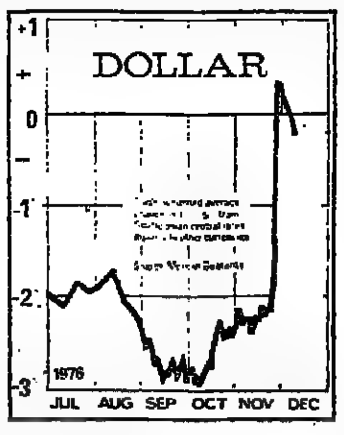
The pound opened at $1.6550-$1.6560, and eased to a low point of $1.6510-1.6520, before lunch. During the afternoon it gained ground to $1.6575, but moved up sharply following Mr. Healey's comments.

Its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 44.6 per cent. from 45.4 per cent., after standing at 45.3 per cent. at noon and 45.5 per cent. in early dealings.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 0.23 per cent. from 0.03 per cent.

The U.S. unit declined against the Canadian dollar, but finished firmer against most European currencies. It closed at DM2.4005 in terms of the West German mark, compared with DM2.3945 previously, and Sw.Frs.2.4535 against the Swiss franc, compared with Sw.Frs.2.4445 on Monday.

Gold fell $½ to $133⅞-134⅜ ahead of today's gold auction by the International Monetary Fund. The krugerrand's premium over its gold content narrowed to 2.52 per cent. from 3.02 per cent. for domestic delivery, but widened to 4.01 per cent. from 2.88 per cent. in the international market.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Dec. 6	Dec. 3
sterling	0.694737	0.691809
U.S. dollar	1.15111	1.15027
Belgian franc	42.1767	42.2954
Deutschemark	2.75771	2.76893
French franc	5.75440	5.74819
Italian lira	996.171	995.501
Japanese yen	342.801	341.400
Dutch guilder	2.87720	2.88660
Swedish krone	4.81106	4.82078
Swiss franc	2.81608	2.82276

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Dec. 7	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.3955-65	47.89-94	6.54-55	3.962-969	96.66-92	97.89-58
N. York*	41.72-74	—	20.0-02	2.727-731	1.6610-6620	39.86-40	40.86-88
Paris	208.875-978	4.9962-0052	—	13.66½-6½	8.270-235	199.875-24	204.15-55
Brussels	15.25-29	36.57-61	7.31-33	—	60.53-68	14.64-67	14.95-97
London	4.01-02	1.6705-25	8.36-36	61.15-35	—	4.17½-18½	4.09½-10½
Am'rd'm	104.235.285	2.4967-82	49.90-95	6.826-831	4.1345-95	—	101.89-04
Zurich	102.18-38	2.451-453	49.01-04	6.682-69½	4.025-0955	98.04-16	—

U.S.$ in Montreal. U.S.$=102.68-72 Canadian cents.
Canadian $ in New York. C$=97.37-40 U.S. cents. U.S.$ in Milan 855.30
Sterling in Milan 1434.00. * Rates for Dec. 6.

EURO-CURRENCY INTEREST RATES*

Dec. 7 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	18½-18¾	4⅛-4¾	8-9	7-7½	4⅞-5⅛	½-⅝
7 days notice	17-17½	4⅛-4¾	8½-9½	7-7½	4⅞-5⅛	½-⅝
Month	16⅛-16⅝	4⅝-5⅞	8½-8¾	7-7½	5-5½	1⅛-1⅜
Three months	16¼-16¾	4¾-5	8⅝-8⅞	6¾-7¼	4¹⁵⁄₁₆-5⅟₁₆	2-2¼
Six months	15⅝-15⅞	5-5¼	8⅝-8⅞	6⅝-7⅛	4⅞-5	2⅛-2⅜
One year	14¾-15¼	5⅜-5⅝	8⅝-8⅞	6½-7	4⅞-5⅛	2⅛-2⅜

Euro-French deposit rates: two-day 10½-10¾ per cent.; seven-day 10½-10¾ per cent.; one-month 11½-11¾ per cent.; three-month 11¾-12¼ per cent.; six-month 12-12½ per cent.; one year 11½-12¼ per cent.

Longer-term Eurodollar deposits: two years 6⅛-6⅜ per cent.; three years 6½-7 per cent.; four years 7¼-7½ per cent.; five years 7½-7¾ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4⁹⁄₁₆-4¹¹⁄₁₆ per cent.; three-month 4¹³⁄₁₆-4¹⁵⁄₁₆ per cent.; six-month 4¹⁵⁄₁₆-5⅟₁₆ per cent.; one year 5¼-5⅜ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. ‡ Following 17.5 per cent. devaluation. "dis" Discount.

GOLD MARKET

	Dec. 7	Dec. 6
Gold Bullion (a fine ounce)		
Close	$133⅞-134⅜	$134½-135
Opening	$154½-155½	$132-132¾
Morning fix'g	$134.20 (£80.956)	$133.00 (£80.299)
Afternoon fix'g	$134.65 (£80.700)	$134.00 (£80.957)
Gold Coins domestically		
Krugerrand	$136½-138½ (£82-83)	$138½-140½ (£83½-84½)
New Sov'r'gns	$47¼-49¼ (£28½-29½)	$47½-49½ (£29-30)
Old Sov'r'gns	$44¼-46¼ (£27-28)	$44-46 (£27-28)
Gold Coins internationally		
Krugerrand	$138½-140½ (£83-84)	$137½-139½ (£83-84)
New Sov'r'gns	$47¼-49¼ (£28½-29½)	$47½-49½ (£29-30)
Old Sov'r'gns	$42¼-44¼ (£25½-26½)	$43-45 (£26½-27½)
$20 Eagles	$221-224	$222-225

FOREIGN EXCHANGES

Dec. 7 1976	Bank Rates %	Market Rates Day's Spread	Close
New York	5½	1.6510-1.6745	1.6705-1.6725
Montreal	9	1.6955-1.7165	1.7125-1.7145
Amsterdam	6	4.12-4.19	4.17½-4.18½
‡Brussels	9	60.30-61.50	61.15-61.35
Copenhagen	10	9.67-9.81	9.80-9.81
Frankfurt	3½	3.94-4.02	4.01-4.02
Lisbon	6½	52.00-52.80	52.60-52.80
Madrid	7	112.90-114.20	114.00-114.20
Milan	15	1,428-1,447	1,445-1,447
Oslo	6	8.61-8.75	8.74-8.75
Paris	10½	8.25-8.36	8.35-8.36
Stockholm	8	6.88-6.99	6.97¼-6.98¼
Tokyo	6½	487-502	495-497
Vienna	4	28.00-28.60	28.40-28.60
Zurich	2	4.03-4.11	4.09½-4.10½

* Basic discount. † Rates given are for convertible franc. ‡ Financial franc 61.10-61.30.

OTHER MARKETS

		Notes	Rates
†Argent'na	456.82-459.82	Argentina	375-475
Australia	1.5996-1.6157	Austria	28-29½
Brazil	19.74-19.94	Belgium	61-62½
Finland	6.38-6.40	Brazil	22½-25
Greece	60.680-62.213	Canada	1½-4½
Hng Kong	7.8425-7.8725	Denmark	9.75-9.90
Iran	114-117	France	8.25-8.45
Kuwait	0.478-0.488	Germany	3.90-4.15
Luxemb'g	61.15-61.35	Greece	65-69
Malaysia	4.2220-4.2580	Italy	1420-1500
N.Zealand	1.8354-1.8616	Japan	460-500
Saudi Arab.	5.80-5.90	Netherl'ds	4.10-4.25
Singapore	4.1070-4.1140	Norway	8.65-8.85
S. Africa	1.4511-1.4471	Portugal	51-55
U.S.—		Spain	109¾-115¼
Canada		Switz'land	4.00-4.20
C$1=		U.S.	1.66-1.67¼
U.S. cents	97.52-97.55	Yugoslav.	35-38

† Rate given is free rate.

FORWARD RATES

—	One month	Three months
New York	1.68-1.58 c. pm	4.54-4.44 c. pm
Montreal	1.10-1.00 c. pm	3.05-2.95 c. pm
Amst'dam	3⅝-2⅝ c. pm	9⅝-8⅝ c. pm
Brussels	30-10 c. pm	65-45 c. pm
Cop'nh'gn	2 ore pm-par	5½-3½ ore pm
Frankfurt	4¼-3½ pf. pm	11-10 pf. pm
Lisbon	30 c. pm-10 c. dis	par-100 c. dis
Madrid	70-170 c. dis	380-480 c. dis
Milan	par-15 lire dis	57-72 lire dis
Oslo	4¼-2¾ ore pm	14½-12½ ore pm
Paris	3½-2½ ore pm	8½-7½ ore pm
Stockh'lm	3½-1½ ore pm	8½-6½ ore pm
Vienna	28-18 gro pm	68-58 gro pm
Zurich	5⅝-4⅝ c. pm	14-13 gro pm

Six-month forward U.S. dollar 8.05-7.95c pm and 12-month 13.80-13.70c pm.

MILAN

Dec. 7	Price Lire	+ or −	Div. Lire	Yld. %
Alitalia Priv.	500	+20	—	—
ANIC	450	−22	—	—
Assonia Fin.	3,050	......	120	4.4
Bastogi	951	−9	—	—
Breda	2,060	−10	105	5.3
Burgo	8,650	−50	—	—
Cantoni	6,093	+292	—	—

AUSTRALIA

Dec. 7	Aust. $	+ or −
ACMIL	†0.55	......
Acrow Australia	†0.75	......
Adelaide Brighton Cement	†1.18	+0.02
Allied Mnig-Trdg. Indus. $1	†1.48	......
Ampol Exploration	†1.05	+0.02
Ampol Petroleum	†0.63	+0.05
Assoc. Minerals	†2.15	+0.05

BRAZIL

Dec. 7	Price Cruz	+ or −	Div. Cruz	Yld. %
Banco Brasil PP.	4.80	−0.04	0.18	3.75
Belgo Mineira OP.	2.68	−0.02	0.14	5.22
Brahma PP.	1.47	−0.03	0.15	10.20
Docas Santos OP.	0.90	......	0.15	16.67
Dom Amer OP.	4.00	......	0.18	4.50
Petrobas PP.	2.30	−0.02	0.11	4.78
Samitri OP.	3.15	......	0.12	3.81
Mannesmann OP.	2.30	−0.03	0.10	4.35
Souza Cruz OP.	2.85	......	0.21	7.37

Vol. Cr.30.0m. Shares 30.2m.
Source: Rio de Janeiro SE.

GERMANY ◆ — PARIS — AMSTERDAM — BRUSSELS/LUXEMBOURG — SWITZERLAND — VIENNA — TOKYO — STOCKHOLM — COPENHAGEN — OSLO — JOHANNESBURG — SPAIN — CANADA

Source: Nikko Securities, Tokyo.

"The Midland Group gives us a feeling of confidence, of knowing we'll get the support we need"

-Ted Williams, Chairman, Arnold E. Williams & Sons Ltd.

The story of Arnold E. Williams tells how a small family company has produced an internationally-successful brand, Falstaff silver-plated tableware, with support, advice and guidance from Midland Bank Group.

Managing Director John Williams says: "After the war we were trying to find gaps in the export market for our silver-plated giftware. The bank helped us in two ways: a simple overdraft facility, £25,000–£50,000, when we needed to build-up stocks, but mainly with advice in all aspects of exporting, an entirely new venture for us."

Ted Williams, his brother and company chairman, agrees: "Suddenly to find your major customers are in Los Angeles or New York is a major departure for a small firm like ours. There were questions like credit ratings for our new overseas customers."

Ted Williams, Chairman (right), and his brother John Williams, Managing Director (left).

"Improved our cash-flow"

The Williams brothers rely today on Midland Bank International Division for valuable advice–and not only in handling foreign currency and documentation.

Each half of the hinged lid on a Falstaff claret jug is identically numbered to ensure a perfect match.

The solderer adjusts his flame

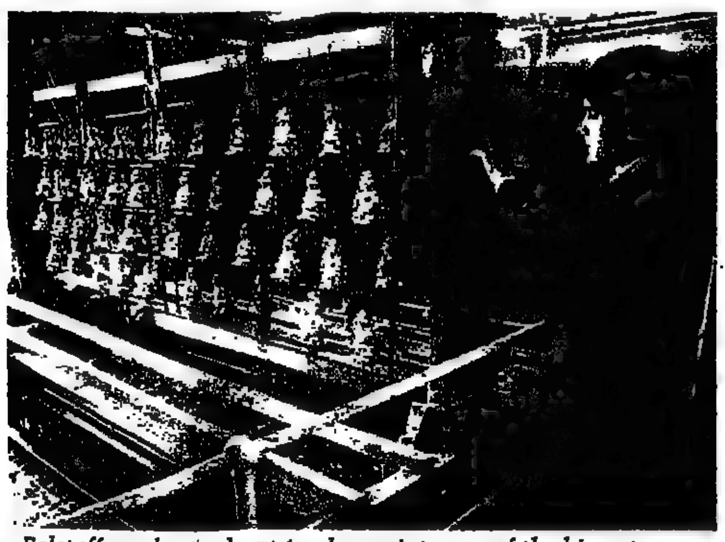
Says John: "They've actually improved our cash-flow by suggesting we discount our bills through the ECGD.

"Our export sales team travels nine months of the year, selling Falstaff abroad. Midland helps us find gaps, they start us off with contacts in new markets.

"We're also glad they introduced us to Thomas Cook, whose business travel service we now use.

"In fact, the way the Midland's International branch manager takes an interest in our comparatively small company is very impressive."

Falstaff silver-plated money-boxes in quality control.



Falstaff products about to plunge into one of the biggest automated silver-plating plants in Europe.

"Forward Trust has given us the best deals"

The Midland helped, too, when the Williams brothers decided to create their own retail distribution network for Falstaff at home.

Says Ted Williams: "We had been producing to order for a few wholesale customers, but now we had many hundreds of retail customers who all expected us to hold stocks."

Says brother John: "We needed more financial help than ever, not only for stocking-up but for plant as well."

Medium-term loans for new plant came from Forward Trust, the instalment finance company in Midland Bank Group.

"Forward Trust are still helping us enormously to this day," says Ted Williams. "They're top of our list in the money markets. They've always given us the best deals."

"Turn-over up ten times"

New machinery is at the heart of the growth of the Falstaff brand. In 1972, Midland Bank helped finance a fully-automated silver-plating plant. More recently it's been a new press, then an automatic polishing plant.

"As soon as we amortize the cost of one or two," says John, "we've got three more coming in.

"Our turn-over has multiplied ten times in the last ten years."

"Help in the future"

The company's account has been at the same Birmingham branch of Midland Bank since 1919–both brothers have personal accounts at the Midland, too–and they know the Midland will be there when it comes to help in the future.

"We have built our relationship with the Midland over the years. This is important when a small family firm starts to grow. With Midland Bank Group there's a feeling of mutual confidence–of knowing we'll get the support we need."

The companies that make up Midland Bank Group can help your company in many different ways. Their services include facilities for term loans, leasing, hire-purchase, merchant banking, equity capital for growth companies, international insurance broking and advisory services, international and export finance, travel, factoring, investment management, and trust services. Also, very large companies, Midland Corporate Finance Division has a select team that can work directly with the company to make the best possible use of the wide range of Group services.

Talk to your local Midland manager–he can put you in touch with all the right people.

Three-arm candelabra from the Falstaff "Candlelight" series.

Midland Bank Group

Principal trading companies: Midland Bank Limited; Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited; Northern ... Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Finance Corporation Limited, Northern Bank Trust Corporation Limited; Midland Bank ... Company Limited, Midland Bank Group Unit Trust Managers Limited; Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corpo... (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited; Midland Bank Insurance Services Limited; The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited; Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zurmont Bank AG, Midland Montagu Industrial Finance Limited, Jersey International Ba... Commerce Limited; Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

FARMING AND RAW MATERIALS

Sugar down in London market

By Our Commodities Staff

SUGAR PRICES eased in London yesterday against a background of bearish rumours.

On the London terminal market, where May sugar closed down on the day at £132.275, there were trade reports that the U.S. might soon take further action to regulate sugar imports. Earlier the London daily price was fixed £2 lower at £116 a ton.

From Brussels Reuter reported that the EEC Commission had authorised the sale of 25,600 tonnes of white sugar at its first tender since November 16. In addition it sold 5,000 tonnes of Belgian intervention stocks sugar.

Meanwhile from Sydney it was reported that Australia's selling agent, CSR, had declined to comment on Japanese refiners' reports that Australia was considering a cut in the $405 a tonne fixed price for its five-year contract to supply Japan with tonnes of sugar a year.

To-day Israel is expected to issue a buying tender for cargoes of sugar to be delivered in January and March which could lead to further tenders for later dates.

Peru anchovy catch expected to miss target

LIMA, Dec. 7.

Peru's final anchovy catch this year should reach 4m. tonnes—... short of target, Pesca Peru, the State fisheries company said. Since fishing resumed on October 18 the catch has reached 600,000 tonnes with daily catches ranging between 19,000 and 25,000 tonnes.

A forecast puts the fourth quarter catch at 1.1m. tonnes—... tonnes more than Sr. Francisco Mariategui Angulo, the Fisheries Minister, predicted on November 25.

In March the U.S. Department of Agriculture estimated last year's catch at 3.1m. tonnes.

U.S.-Soviet talks on grain next week

WASHINGTON, Dec. 7.

MR. RICHARD BELL, the U.S. assistant agriculture secretary, will head a delegation of officials going to Moscow next week for consultations with Soviet officials as called for under the five-year U.S.-USSR grain supply agreement, Agriculture Department officials said.

Reuter

Smithfield championship won by small farmer

FINANCIAL TIMES REPORTER

FIZZ, A cross-bred steer weighing 1,045 lbs. won the supreme championship at the Royal Smithfield Show at Earls Court, London, yesterday.

The 13-monthold Charolais Aberdeen Angus and Shorthorn steer was one of seven animals brought to Smithfield by Mr. James McKechnie, of France Farm, Gartocharn, Dunbartonshire—a fruiterer and greengrocer who took up beef rearing only four years ago.

With his seven entires—half of the herd of 14 beef cattle he keeps on his 20-acre farm—he almost swept the prize winners' board against stiff competition from some of the best breeders in the country.

Fizz took the junior steer championship as well as the supreme. Another of Mr. McKechnie's entires, a two-year-old crossbred steer, Silver Lining, won the senior steer championship, and his heifer, Proud Dolly of Gartocharn, took the senior heifer championship.

Mr. McKechnie won five of the eight cattle championship awards including the supreme—an achievement never equalled at Smithfield.

The show, which was visited by Princess Anne yesterday, is attracting big crowds this year. By the close last night 29,248 people had visited Earl's Court compared with 23,819 at the same time last year. The number of overseas trade visitors at just over 5,000 has already passed the record 4,305 for the whole five-day show set in 1973.

Peter Bullen writes: Sir Henry Plumb, National Farmers' Union president, appealed to the Government yesterday to implement its promise to expand home food production. Britain's farmers could do the job but they needed the right conditions and prices.

Sir Henry, who was speaking at the start of the NFU's discussions with the Ministry of Agriculture as part of the annual farm review, has appealed almost daily for the Government to reseore farmers' confidence by going some way towards meeting EEC calls for a devaluation of the "green pound." This would help restore the imbalance between farmers' prices in the U.K. and those of farmers in other Community countries.

But it would put up food prices to consumers andMr. John Silkin, the new Minister of Agriculture, said only on Monday that he would do his utmost to curb any food price rises.

MR. JAMES McKECHNIE with his cross-bred steer Fizz, the Supreme Champion of the Royal Smithfield Show.

Soviet cotton record in doubt

BY OUR OWN CORRESPONDENT

MOSCOW, Dec. 7.

THE SOVIET Union is heading for an excellent cotton harvest but rain and snow in areas where the harvest is still underway might prevent the State from achieving a record.

The year's harvest is 96-98 per cent. completed and American agricultural experts believe the cotton harvest has already exceeded last year's total of 7.9m. tons, which was the second largest harvest in Soviet history.

Bad weather in cotton producing areas of Central Asia, particularly Tadjikistan, however, has led them to revise their earlier view that this year's harvest could surpass the record 1974 cotton harvest of 8.4m. tons.

Good results in the Uzbek and Turkmen republics, which between them account for 80 per cent. of Soviet cotton production, were a source of early optimism about this year's harvest.

The Communist Party newspaper Pravda announced recently that the Uzbek Republic had sold 5.3m. tons of cotton to the state, fulfilling its pledge. Harvesting is not over in Uzbekistan and it appears the republic will surpass its previous largest harvest of 5.33m. tons, achieved in 1974.

Figures for the Turkmen republic indicate that 1m. tons of cotton have been sold to the state with the harvesting not yet complete.

It is now considered unlikely, however, that the total Soviet harvest will set a record, because areas of Kazakhstan, Kirghizia, Tadzhikistan, and Azerbaijan have been plagued with rain and snow which damages the cotton crop and interferes with the increasingly mechanised harvesting process.

Until last year the Soviet Union had been enjoying a five-year streak of successive record cotton harvests, the result of mechanisation, the wider use of fertilisers and new irrigation which expanded acreage at a rate of 160,000 hectares a year.

In 1975 the early onset of freezing temperatures, heavy rains and snow caused major harvesting difficulties and prevented the Soviet Union from achieving a record harvest. It is feared bad weather may prevent the Soviet Union from surpassing its 1974 record harvest again this year. Although the final result, on the basis of known returns, is expected to be quite good.

THAI RICE SALE

BANGKOK, Dec. 7.

A Thai trade team leaves tomorrow for Jakarta to negotiate the sale of 200,000 tonnes of Thai white rice to Indonesia for shipment next year on a Government-to-Government basis, Trade Ministry sources said.

Reuter

Firm pound sends prices lower

By Our Commodities Staff

THE FIRMER tone of sterling yesterday afternoon trimmed base metals and soft commodity prices. Cocoa and coffee prices, which were down in the morning, showed the greatest net falls with March coffee ending £59 lower at £2,407.5 a tonne and March cocoa £88 lower at £1,898 a tonne.

Coffee dealers said a reassessment of Monday's performance in New York coupled with local commission house profit-taking and an absence of buyers hit values in a thin market.

Cocoa dealers said the market was nervous following the recent recovery. They noted that talk of lower crops had been partly counteracted by suggestions of possible cuts in consumption.

Base metals opened fairly steady but the firmer pound pushed cash copper wirebars to £750.75 a tonne, down £8.25 and cash standard tin to £4,935 a tonne, down £52.5 on the day. Lead and zinc were also affected but still closed higher on balance. Cash lead ended £1 higher at £275 a tonne and cash zinc £7 higher at £377.5 a tonne.

Rubber was also affected by the sterling rise and the RSS No. 1 spot quotation on the London physical market ended the day 1.5p lower at 54.5p a kilo.

Argentina seeks China grain sale

BUENOS AIRES, Dec. 7.

SR. JORGE ZORREGUIETA, the Argentine Agriculture Undersecretary, left to-day for Peking, where he will meet Government officials for talks on prospects for Argentin grain sales to China.

Agriculture Department officials were unable to give any figures involved in the talks, but said China might be a major market for bumper Argentine crops expected in 1976-77.

This year's wheat crop is forecast at a record 12m. tonnes, which would leave 7m. tonnes exportable surplus.

In Tokyo, meanwhile the Japan Ammonium Sulphate Manufacturers Association announced that China has agreed to buy 500,000 tonnes of ammonium sulphate and 200,000 tonnes of urea from Japan in the first half of 1977.

Reuter

RECYCLING WASTE

Rubbish and sludge for animal feeds

BY MARY CHERRY, RECENTLY IN JAKARTA

THE SPRAWLING city of Jakarta has 2,000 tonnes of municipal rubbish to dispose of every day—at least, that is the quantity estimated to get into the collection system. It represents a formidable problem, but one which is soon to be turned to advantage. The rubbish will be converted into a dual-purpose product for use either as cattle feed or as a crop fertiliser.

This product, known as Kompuk, is produced by a Singapore-based company called Asian Research. It is dried and pelleted and its particular value lies in the fact that it has a crude protein content of more than 60 per cent. As such it is a useful cattle feed or an organic fertiliser that releases nitrogen slowly and would be at its best on pasture.

Dr. Z. O. Muller, Scientific director of Asian Research, pioneered the recycling of animal waste products—such as the drying and feeding of poultry manure for cattle—in Czechoslovakia in the 1950s. He came to Singapore when working for the U.N. Food and Agricultural Organisation.

Relish

One problem of drying agricultural and other waste for recycling is that the rise in fuel costs has made it an expensive process. When the waste is produced near to where it can be used (for example, a large poultry unit near a cattle feed lot) Dr. Muller recommends an alternative lactic fermentation process. In ordinary farmer's language this means making it into a kind of silage.

According to Dr. Muller, the process produces an attractive fodder-like material which cattle relish.

Asian Research is working with the Malaysian Government on a scheme in Johore to reduce the immense pollution problem associated with pineapple caneries.

By the time the peel and the core of a pineapple have been removed the waste percentage is high and traditionally this goes into a river, the sea or on waste land.

But pineapple waste contains about 80 per cent. carbohydrate. When processed in a mixture with poultry litter of 20 per cent. protein, the result is almost a complete diet for some classes of cattle. The Malaysian National Livestock Development Authority (Majuternak) is planning a 10,000 head cattle raising project on two hectares of land in Johore—using the cannery waste and poultry litter.

Malaysia has become extremely conscious of its waste pollution hazards and the Government has indicated that it intends to introduce tough anti-pollution methods. The fast-growing oil palm sector and the rubber industry create the main headaches, but both public and private research have been providing pointers to useful ways of dealing with the potential pollutants.

Oil palm sludge is difficult to cope with. It was said at a recent seminar in Kuala Lumpur that Malaysia might soon have 4m. tonnes of this effluent to deal with every year. The difficulty lies in its high moisture content (95 per cent.) which becomes a gel if an attempt is made to heat-dry it.

A small team of research workers at the University of Malaya have achieved a considerable breakthrough. Local farm materials — particularly cassava (tapioca) meal and palm oil kernel meal—are mixed into the sludge to soak up the moisture and bring it down from 95 per cent. to 45 per cent. It is much easier and cheaper to pass this mixture through a high-temperature blow drier to bring it down to 7 per cent. moisture.

This has been named the Censor process. Its products have been fed experimentally to broiler chickens and laying hens with promising results. They have been found to be highly competitive replacements for maize. Favourable results have also been reported from feeding Censor diets to pigs.

The University of Malaya team is also working on an anaerobic fermentation process to achieve a separation of solids from the liquid. This process, by the production of single-cell protein, would improve the protein content of the high energy Censor feed.

Spreading

With its high stake in oil palm, it is not surprising that the Guthrie Corporation has also been bringing research brains to bear on the question of sludge disposal. As the world's biggest oil palm seed producer, about three-quarters of Malayasia's oil palm acreage is of its material. Its own estates consist of about 50 per cent. oil palm and 50 per cent. rubber. It has a policy of moving into oil palm.

Guthrie has looked mainly at ponding (digestion by fermentation)—with fairly good results on a pilot scale—and at spreading the sludge on land. It has found that spreading can be achieved effectively if only small quantities are put on at a time and allowed to dry before more is added.

Guthrie has achieved positive advantages by spreading rubber waste on oil palm plantations. It is high in nitrogen and has more than covered the costs of its distribution by raising oil palm yields 20 per cent.

The Rubber Research Institute has also been working on this. Its research results seem to favour ponding — biological methods—as the most suitable and economic method of dealing with rubber waste.

Five new U.S. futures contracts planned

CHICAGO, Dec. 7.

GARY SEEVERS, a member of the Commodity Futures Trading Commission (CFTC), said the Commission welcomed applications from commodity exchanges for new commodity future contracts.

He told the international commodities conference here that the commission was considering five applications for contract designations.

The Chicago Board of Trade had applied for a contract in 90-day commercial paper and in 15-year Treasury Bonds. The Commission had received an application for a contract in both rough and milled rice from a new exchange being organised in New Orleans, a zinc contract from the Commodity Exchange in New York and a platinum contract application from the Chicago Mercantile Exchange.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

COFFEE

Robusta futures closed easier after fluctuating in a narrow range during the afternoon.

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SILVER

[illegible]

SUGAR

[illegible]

COCOA

[illegible]

GRAINS

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

PALM OIL

[illegible]

COTTON

[illegible] ... the demand was light, reports F. W. Tattersall. Users were prepared to operate only sparingly.

GRIMSBY FISH—Supply poor and demand good. Prices a stone at ship's side unprocessed: Shelf cod £3.60-£4.60, codlings £3.40-£4.40; large haddock £3.50-£4.20, medium haddock £3.50-£4.20, small haddock £2.50-£3.20; large plaice £4.30, medium plaice £3.90-£4.00, best small plaice £3.50-£4.60; large skinned dogfish £4.40, medium £3.00; rockfish £1.80-£2.35; reds £2.40; saithe £2.40-£2.70.

COPRA, Philippines.—Jan.-Feb. $380 resellers per tonne, cif North European ports.

Wool regains early fall

AUSTRALIAN WOOL futures eased in early trading yesterday on news of the Australian dollar revaluation but recovered when the Australian Wool Corporation announced a compensating adjustment in its flexible reserve prices.

The underlying strength of the market also underpinned the market at auctions in Melbourne and Sydney.

Earlier Mr. Alf Maiden, the corporation's chairman, said the corporation was heartened by the rapidity with which the world wool trade had accepted the post-devaluation price decisions.

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES · REUTER'S · DOW JONES · MOODY'S

[illegible]

HIDES—[illegible]

U.S. Markets

Grains rise on export reports

NEW YORK, Dec. 6.

THE COPPER and silver markets closed unchanged after trading in a narrow range. Grains closed higher on reports of export business and some technical buying. Cotton closed firm on local and Commission House demand. Coffee closed on the highs on trade buying, Bache comments.

Cocoa—Ghana spot 137 (134½ nom.), Bahia spot 133 (131½ nom.), Dec. 145.20 (144.30), March 140.30 (136.65), May 135.65, July 130.60, Sept. 124.40, Dec. 115.00, March 109.25, May nil. Sales: 1,382.

Coffee—"C" Contract: Dec. 196.00-198.00 (194.50), March 195.80-196.20 (193.35), May 197.93, July 199.30-199.50, Sept. 200.00-200.30, Dec. 195.00-195.50, March nil. Sales: 1,696.

Copper—Dec. 57.30 (57.40), Jan. 57.50 (57.70), Feb. 58.20, March 59.00, May 59.60, July 60.70, Sept. 61.30, Dec. 62.50, Jan. 62.90. Sales: 2,812.

Cotton—No. 2: Dec. 75.23 (75.47), March 80.23-80.40 (79.65), May 81.00, July 79.30-79.50, Oct. 72.30, Dec. 67.30, March 67.70-67.75, May 67.70-68.00. Sales: 3,350.

¶Gold—Dec. 135.50 (132.70), Jan. 133.70 (133.00), Feb. 136.00, April 137.10, June 138.20, Aug. 139.40, Oct. 140.70, Dec. 142.00, Feb. 143.30, April 144.00. Sales: 4,601.

[illegible]

PUBLIC NOTICES

H. M. LAND REGISTRY
LOST CERTIFICATE(S)

[illegible]

STRATHCLYDE REGIONAL COUNCIL

£8m. Bills issued December 8, 1976 due March 9 1977 at 14½%. Total applications were £60m. and Bills outstanding £48m.

STOCK EXCHANGE REPORT

Fresh gains accompanied by modest rise in turnover

Share index up 9.7 at 319.8—Gilts eventful

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 29	Dec. 9	Dec. 10	Dec. 21
Dec. 13	Dec. 30	Dec. 31	Jan. 12
Jan. 4	Jan. 13	Jan. 14	Jan. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Although the level of activity in stock markets again left much to be desired, a modest increase in turnover accompanied a fresh advance in equities yesterday. Official markings of 4,640 compared with 3,826 on Monday and 4,193 a week ago. Interest in the Gilt-edged sector switched to the short end of the market, where a good demand was seen for the short tap stock. Gains in this area ranged to ¼. Modest gains were also recorded in the mediums but long-dated issues closed without alteration, the main event here being the announcement of a new tap stock, Treasury 15¼ per cent., 1998 "A" at 99. The official indication that the authorities do not want to see Minimum Lending Rate reduced this week had little impact on sentiment generally.

Gains in leading equities ranged to 15 but were out of proportion to the amount of business transacted, demand being only sporadic and of no great size. The FT 30-share index closed at the day's best with a rise of 9.7 at 319.8, making a rise of 18.9 over the past three trading days.

Overall, sentiment was helped by the strong hint from Mr. Robert Sheldon, Financial Secretary, that VAT would not be increased in the immediate future. This prompted a slightly broader interest. Rises led falls by 9-2 in FT-quoted Industrials and the FT-Actuaries All-Share index rose 1.8 per cent. to 137.04. Breweries recorded some useful rises helped by hopes that this sector would not be treated unfavourably in the forthcoming mini-budget and the sector index advanced 5.9 per cent. to 132.69.

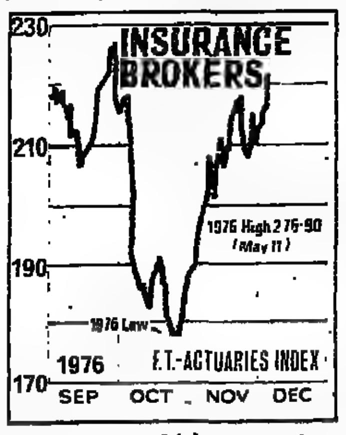
New long "tap"

A sequence of events, sometimes surprising and sometimes not, left British Funds on an irregular note following the after-hours' business yesterday. A good initial demand was evident in the Government broker twice raising his price for supplies of the special Treasury 3 per cent., 1982, stock and once for the short "tap," Treasury 13 per cent., 1980, issue. A cooler atmosphere developed, however, after the signal that Minimum Lending Rate would remain at 14¼ per cent on Friday and the 3.30 pm news of a replacement long "tap" issue. The terms of this £500m. tranche of Treasury 15¼ per cent., 1998, to be issued at 99, caused late interest to switch from the longs, which after-hours' shed ¼, to mediums, particularly to the 1982 area. The 3 per cent., 1982, was the focal point and any further demand could easily soon exhaust the supply. The improvement in sterling following Mr Healey's remarks about sterling balances had little impact.

In a continuing thin trade, the investment currency premium drifted lower to close 1¼ points down at 117¾ per cent, following the late improvement in sterling. Yesterday's SE conversion factor was 0.7141 (0.7170).

Discounts good

Discounts featured a firm banking sector yesterday when demand, which continued after market hours, helped bring about double-figure gains in places. Union ended 17 up at 272p and Alexanders were 16 higher at 188p, while Cater Ryder put on 13 to 203p and Allen Harvey and Ross 10 to 340p. Among smaller-priced issues, Jessel Toynbee, 69p, and King and Shaxson, 48p, both rose 7. The big four Banks took their recent improvement a stage further with Barclays, 225p, Midland, 223p, and National Westminster, 195p, all closing 7 dearer. News of Australia's 2 per cent. revaluation coming only nine days after it devalued its dollar by 17½ per cent helped banks of that country to improve. ANZ picked up 9 to 297p and Bank of New South Wales rose 10 to 485p. Arong 10 better in front of the interim figures, Standard Chartered ran back to close a net penny cheaper at 283p on the uninspiring first half profits.



Insurances contributed to the firm market trend, gains of 10 and 12 respectively were recorded in C. E. Heath, 415p, and "Royals," 252p, while Phoenix added 8 to 174p as did Pearl, to 162p.

Breweries and kindred trades performed well yesterday with buyers appearing on the belief that the forthcoming mini-Budget will not be as unfavourable to the sector as previously feared. Allied stood out with a gain of 3 to 37½p, while Bass Charrington rose 6 to 81 pas did Greenall Whitley, to 31p, and Arthur Guinness moved up 3 more to 113p. Bid hopes helped Arthur Bell rise 10 to 146p, while Distillers ended 4½ up on the day at 115p: the latter's interim results are due next week.

May and Hassell featured Buildings with a jump of 10 to 32p on the interim figures. Higher earnings took Nottingham Brick up 7 to 103p, while Lafarge Organisation hardened 3 to 24p on news that the parent company had increased its stake. Substantially improved first-half profits left Bambergers 2 harder at 25p, while R. Costain, 112p, and John Laing "A," 62p, put on 4 and 3 respectively. Gains of 3 were seen in Redland, 71p, and BPB Industries, 94p, while P. C. Henderson "A" improved 4 to 42p.

On its fiftieth birthday, ICI rose 8 to 300p. Elsewhere in Chemicals, Fisons rose 10 to 277p and Hickson and Welch moved up 15 to 250p. Carless Capel finished 2 better at 30p following the interim results, while rises of 4 were seen in Storey Bros., 38p, and Albright and Wilson, 75p, the latter helped by Press comment.

Awaiting to-morrow's interim statement, Associated Television "A" rose 3 to 57p.

EMI advance

EMI featured Electricals with a rise of 11 to 216p following the chairman's remarks at the annual meeting. General Electric, with interim figures expected to-day, moved up 3 to 148p for a two-day rise of 7. Reyrolle Parsons also edged up 3, to 103p, while Plessey, 52p, and Thorn Electrical "A," 160p, put on 4 apiece. Muirhead remained popular, rising 4 to 117p for a two-day gain of 15. Sony were lifted 40 to 730p, while other firm spots took in BSR, 3 up at 89p.

Stores continued in firm fettle on hopes that the retail industry will escape fresh increases in VAT rates in the forthcoming mini Budget. Gussies "A," with interim results due to-morrow, improved 6 to 151p, while House of Fraser, 66p, and Marks and Spencer, 87p, put on 3 and 4 respectively. British Home Stores rose 7 to 126p, while gains of around 4 were seen in Allied Retailers, 55p, and Mothercare, 178p. NSS Newsagents responded to the preliminary results with a rise of 3 to 45p and, in sympathy, Martin the Newsagent rose 8 to 98p. D. Paradise eased 2 to 14p on the first-half profits setback. Fairdale Textile were also on offer, the Ordinary and "A" closing 4 easier at 14p and 6 respectively following small offerings in a restricted market. In Shoes, Wearra closed a shade better at 12p on further consideration of the preliminary figures.

Widespread firmness in Engineerings was reflected in rises of 6 or so in GKN, 248p, and Vickers, 125p, the latter still being affected by stock shortage. Acrow "A" were good at 33p, up 7, helped by news of the Egyptian deal, while Stone-Platt jumped 6 to 87p amid rumours that the company was preparing a bid, possibly by share exchange, for Westinghouse Brake, 1 better at 26p. Johnson and Firth Brown gained 3 to 44p following the announcement of its formal offer document, which contained both dividend and profits forecasts, for Dunford and Elliott, 3 better at 54p. Birmingham Mint responded to the first-half recovery with a rise of 5 to 83p and Crosite were 2 harder at 25p after the preliminary statement. Other firm features took in Wolseley-Hughes, 7 higher at 87p, Davy International, 6 dearer at 139p, and Staveley Industries, which advanced 5 more to 141p. Babcock and Wilcox were more active at 60p, up 4, but Castings lost 1 to 13½ following the interim results.

Foods closed firmly following an improved business. J. Lyons, with interim figures expected to-morrow, moved up 3 to 40p for a two-day gain of 5. Cavenham, 88p, and Northern Foods, 38p, put on 2 apiece. RHM eased to 34½p on the Board's caution about making a forecast for the year in the interim statement which otherwise came up to general market expectations, but rallied later to close marginally better on balance at 36½p. Geo. Bassett finished a penny better at 39p following the interim figures, while Bishop's Stores "A," still reflecting trading news, edged up 3 to 30p for a two-day rise of 5. Supermarkets moved higher with Tesco closing 2 up at 30p.

Hotels and Caterers had their share of firm spots. Myddleton were lifted 5 to a 1976 peak of 67p on further consideration of the chairman's remarks at the annual meeting, while Grand Metropolitan, 34p, and Savoy "A" 33p, put on 2 and 3 respectively. Adda International rose a penny more to 14p for a gain of 4½ over the last three trading days.

Hoover wanted

The Miscellaneous Industrial sector once again paraded numerous firm features. Glaxo rose 13 to 383p and Beecham gained 10 to 356p, while Unilever added 6 to 396p and Bowater firmed 5 to 165p. Scottish and Universal Investments closed 4 higher at 64p following the Board's share transfer statement on Sir Hugh Fraser's shareholding, while Pilkington edged forward 7 to 276p in front of to-day's interim results. Hoover stood out with a rise of 20 to 435p on a bullish brokers circular that suggested a possible offer might be made by its American parent. Reports that the Belgian Government is recommending rents and dividends to be raised by 8½ per cent next year helped BC Gas (which has substantial Belgian interests) rise 23 to 300p. Good profit performances brought gains of 7 in Elson and Robbins, 37p, and Kelsey Industries, 49p, while Press suggestions that the group will announce bumper half-year figures to-day left Centreway Securities 1½ up at 19p. Further consideration of the interim results helped Whitecroft add 4 more to 88p and bid hopes continued to help Ozalid, up 5 more at 96p. Broken Hill Proprietary rose 20 to 600p on the 2 per cent. revaluation in Australia's dollar.

Motors and Distributors became more active and closed on a firm note. Lucas Industries featured with a rise of 11 to 186p, while gains of 2 were seen in Group Lotus, 19p, and Dunlop, 89p. British Leyland moved up 3 to 25p while Associated Engineering continued firmly, the Ordinary rising 1½ more to 74½p for a two-day gain of 3½ and the new nil-paid shares finishing 2 harder at 15½p premium.

News items brought contrasting features to Paper/Printings. Culter Guard Bridge responded to the first-half recovery with a rise of 3 to 13p, but Chapman (Balham) fell 10 to a basis of 65p on the gloomy interim results and statement. Otherwise, Inveresk revived on a modest demand and gained 2½ to 30p.

Reaction in BP

A lull in American and local buying interest signalled a reaction in British Petroleum, eventually down 14 at 766p after 784p, and a switch in demand to Shell, which rose 6 to 420p. Royal Dutch made fresh headway to £40¾, up ¼, despite a lower investment dollar premium. Secondary Oils were not left out of the picture and Tricentrol picked up 3 to 78p as North Sea speculation revived, while Berry Wiggins rallied 1½ more to 23½p.

Properties overcame a slightly hesitant opening to close generally firmer despite a reduction in recent demand. Apart from the few exceptions which took in Land Securities, up 4 to 124p, gains were rarely more than a penny or so. Haslemere Estates improved 2 more to 160p and Great Portland, in which stock has recently been shorter than most, put on a like amount to 202p. Among smaller-priced issues, Rush and Tomkins rose 2 to 28p, while Avenue Close were raised 4 to 48p. In a thin market, Bernard Sunley closed 10 higher at 89p; the price published in yesterday's issue was in error. Elsewhere, Churchbury Estates continued firmly at 126p after the impressive first-half results.

Common Brothers continued to dominate proceedings in the Shipping market, rising 18 more to 140p, after 144p, on further persistent buying in a thin market.

Business volume improved in Investment Trusts and prices closed with widespread small gains.

Courtaulds gained 3 at 90p in Textiles. Harold Ingram moved up 2 to 28p in the late trade on satisfaction with the first-half profits.

Hopes that there will be no increase in duty in the mini-Budget drew a fair amount of interest to Tobaccos. BATS Deferred were the day's most active stock and closed 7 higher at 220p; the Ordinary added a like amount at 265p, while Imps rose 3 to 63½p.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Tuesday, December 7, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Monday Dec. 6 Index No.	Friday Dec. 3 Index No.	Thurs. Dec. 2 Index No.	Wed. Dec. 1 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (178)	117.24	+2.1	25.23	9.13	5.40	5.33	114.88	114.07	112.35	112.42	137.42	160.06	100.83	206.57	50.71
2 Building Materials (30)	96.77	+1.9	23.99	9.99	6.27	6.26	94.97	93.97	92.62	93.46	132.72	150.18	85.53	253.56	44.27
3 Contracting, Construction (22)	145.68	+3.7	30.66	7.49	5.05	5.03	140.54	139.65	136.66	136.91	241.52	260.20	122.08	389.33	71.48
4 Electricals (16)	230.52	+1.8	19.36	6.15	7.66	7.47	226.31	223.70	218.54	216.94	242.09	287.20	190.64	550.04	84.71
5 Engineering (Heavy) (13)	149.66	+3.0	32.30	8.77	4.61	4.44	145.31	143.64	142.62	143.24	160.38	193.18	123.56	302.57	64.39
6 Engineering (General) (66)	110.27	+2.0	23.56	8.46	6.26	6.26	108.09	107.87	106.71	106.78	119.03	149.29	95.20	155.59	45.43
7 Machine and Other Tools (9)	52.47	+0.8	16.85	8.47	7.92	7.90	52.07	51.87	51.45	51.56	49.61	60.62	45.99	136.70	19.96
8 Miscellaneous (22)	101.06	+1.9	22.16	9.07	6.59	6.52	99.20	98.66	97.91	98.21	118.24	141.94	90.25	177.41	49.65
9 CONSUMER GOODS (DURABLE) (53)	100.82	+2.9	24.68	7.10	5.07	5.06	98.01	97.43	96.45	96.41	114.42	141.46	83.12	227.78	38.59
10 Lt. Electronics, Radio TV (15)	107.88	+2.7	23.50	5.46	5.53	5.55	105.09	104.27	102.96	101.42	129.10	160.35	87.51	257.41	42.85
11 Household Goods (13)	113.31	+3.7	26.98	10.61	5.64	5.63	109.24	108.31	107.75	108.22	165.70	167.22	104.53	256.24	[illegible]
12 Motors and Distributors (25)	68.63	+2.9	25.58	9.27	5.87	5.87	66.90	66.71	66.13	66.47	66.29	86.16	56.10	170.59	19.91
13 CONSUMER GOODS (NON-DURABLE) (170)	122.34	+2.5	18.72	8.02	8.08	7.99	119.30	118.57	116.55	116.70	145.58	162.34	104.41	226.08	61.41
14 Breweries (15)	132.69	+5.9	17.98	8.78	8.34	8.34	125.29	123.76	119.02	120.28	160.38	179.43	111.17	281.87	69.47
15 Wines and Spirits (6)	145.51	+3.5	16.56	7.80	9.27	9.27	140.35	136.57	135.86	135.76	156.67	190.67	124.71	257.80	78.88
16 Entertainment, Catering (15)	154.40	+2.9	17.11	8.86	8.82	8.84	150.07	149.04	145.41	145.79	182.73	211.26	127.11	439.99	54.83
17 Food Manufacturing (23)	136.45	+0.9	21.09	6.85	7.15	7.03	135.20	134.35	133.02	132.37	159.76	179.44	120.54	211.65	59.67
18 Food Retailing (16)	115.33	+2.3	16.98	5.86	8.64	8.64	112.73	111.71	110.97	110.94	143.04	150.05	92.79	235.08	54.25
19 Newspapers, Publishing (16)	181.35	−0.1	14.56	5.91	10.40	10.40	181.60	181.38	178.05	178.66	159.53	184.46	148.46	260.29	55.08
20 Packaging and Paper (12)	81.69	+0.2	31.66	9.85	7.01	7.01	81.57	81.58	80.45	81.91	99.75	112.60	72.34	155.59	43.46
21 Stores (34)	96.05	+3.1	16.08	7.44	9.56	9.56	93.18	92.16	90.84	90.24	121.48	166.24	76.47	204.39	52.63
22 Textiles (24)	105.05	+0.8	19.40	11.29	8.09	7.35	104.20	104.50	104.47	105.57	156.75	165.24	96.76	256.72	62.66
23 Tobaccos (3)	195.56	+2.9	32.41	8.84	5.64	5.64	190.05	189.56	186.01	187.60	207.50	241.98	167.36	389.16	94.34
24 Toys and Games (6)	68.72	+0.8	24.09	9.25	5.57	5.54	68.20	68.14	68.32	68.32	60.56	80.95	59.15	135.72	20.92
OTHER GROUPS (85)															
25 Chemicals (26)	183.16	+2.2	17.65	6.30	7.71	7.71	179.14	177.43	178.42	174.65	191.18	231.56	158.10	241.56	71.20
26 Office Equipment (9)	65.96	+3.9	18.69	8.26	7.74	7.74	62.15	61.67	62.68	62.55	86.97	100.16	58.63	246.06	46.34
27 Shipping (12)	353.07	+0.1	15.09	7.55	9.49	8.63	352.68	346.57	344.01	346.97	365.49	432.64	308.46	517.00	90.80
28 Miscellaneous (48)	125.88	+1.8	18.92	9.37	7.94	7.93	123.65	123.12	121.65	121.90	149.56	172.98	108.14	256.85	60.39
29 INDUSTRIAL GROUP (496)	125.68	+2.5	19.86	7.81	7.44	7.38	122.76	121.84	120.19	120.22	145.67	[illegible]	[illegible]	[illegible]	59.01
30 OILS (4)	402.83	−0.6	10.57	4.55	10.96	10.08	405.19	394.21	387.96	384.81	321.88	405.19	[illegible]	[illegible]	87.23
31 500 SHARE INDEX	147.56	+1.7	17.96	7.11	7.96	7.80	145.09	143.41	141.40	141.20	160.26	[illegible]	[illegible]	[illegible]	63.49
32 FINANCIAL GROUP (100)	104.44	+2.3	–	7.55	–	–	102.06	100.77	99.16	98.67	132.02	153.46	87.19	241.41	55.88
33 Banks (6)	128.62	+3.1	26.26	7.20	5.85	5.85	124.65	122.58	120.65	118.42	165.98	192.16	111.33	288.52	62.44
34 Discount Houses (10)	136.27	+3.9	–	10.22	–	–	131.10	131.10	130.90	130.16	164.44	166.52	97.72	293.13	61.40
35 Hire Purchase (5)	67.54	+1.2	10.74	9.74	20.72	20.72	66.65	66.65	66.38	65.47	98.66	132.10	55.25	455.78	58.83
36 Insurance (Life) (10)	86.76	+5.6	–	8.72	–	–	83.81	81.25	80.41	80.55	116.86	129.46	75.11	194.46	44.88
37 Insurance (Composite) (7)	81.16	+2.5	–	9.11	–	–	79.31	79.25	77.84	78.52	105.56	119.76	68.99	155.76	43.96
38 Insurance Brokers (9)	221.70	+2.5	13.56	6.26	11.05	11.05	216.19	214.85	213.29	212.82	218.74	276.90	178.27	276.90	65.86
39 Merchant Banks (15)	49.92	–	–	8.42	–	–	49.92	49.68	49.54	49.05	64.02	95.83	45.15	278.67	31.21
40 Property (32)	131.94	+0.5	4.86	4.20	36.62	34.64	131.28	126.82	125.11	121.94	151.94	194.57	95.96	357.60	56.01
41 Miscellaneous (6)	64.12	+3.4	20.95	13.44	7.26	7.26	62.04	61.03	60.71	60.71	77.78	91.98	59.37	303.18	33.29
42 Investment Trust (50)	159.70	+1.8	3.85	5.54	26.65	[illegible]	157.21	155.68	154.41	152.84	167.87	[illegible]	[illegible]	245.79	71.63
43 ALL-SHARE INDEX (650)	137.04	+1.8	–	7.10	–	–	134.60	133.03	131.16	130.75	153.68	172.64	116.29	228.18	61.92
COMMODITY GROUPS (Not included in 500 or All Share indices)															
44 Rubbers (9)	494.68	−0.5	[illegible]	5.81	16.01	[illegible]	497.24	500.37	498.63	501.05	379.51	525.40	404.67	555.37	84.68
45 Teas (8)	132.61	–	31.80	9.27	4.14	4.00	132.61	132.61	132.95	132.27	115.36	142.43	117.89	142.66	59.72
46 Coppers (3)	156.70	+0.9	41.34	7.15	2.42	2.42	155.29	155.29	153.71	153.71	261.41	301.47	143.41	567.78	94.06
47 Mining Finance (11)	81.85	+1.3	11.41	5.90	9.62	[illegible]	80.81	79.85	78.89	78.90	110.50	119.77	77.65	175.93	66.31
48 Tins (5)	116.98	–	12.09	9.50	12.72	13.86	116.98	117.46	117.16	114.93	89.94	126.36	86.09	126.36	54.83
49 Overseas Traders (13)	200.21	+0.9	16.34	6.84	7.48	7.47	198.42	197.64	197.46	197.69	215.11	254.47	178.51	254.47	97.37

FIXED INTEREST	Tuesday, Dec. 7 Index No.	Yield %	Monday Dec. 6	Friday Dec. 3	Thurs. Dec. 2	Wed. Dec. 1	Tuesday Nov. 30	Monday Nov. 29	Friday Nov. 26	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1 Consols 2½% yield	–	14.98	14.97	15.07	15.06	15.08	15.16	15.04	15.02	14.67	–	–	–	–
2 20-yr. Govt. Stocks (6)	44.55	†14.51	44.57	44.21	44.26	44.28	44.18	44.41	44.45	46.40	53.45	42.51	116.48	38.27
3 20-yr. Red. Deb. & Loans (15)	45.27	†16.23	45.02	45.02	44.50	44.60	44.55	44.45	44.49	46.07	52.40	43.09	113.48	37.01
4 Investment Trust Prefs. (15)	43.88	15.85	43.84	43.84	43.69	43.69	43.69	43.98	43.63	46.35	51.23	40.54	114.41	34.45
5 Coml. and Indl. Prefs. (20)	60.76	14.36	60.68	60.68	60.62	60.66	60.66	60.68	60.60	63.95	71.97	54.89	114.96	47.67

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	128.20
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

† Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

CONSTITUENT CHANGE: Central Wagon (Cap. Goods, Misc.) has been replaced by Weyburn Engineering (Eng. General).

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings yields are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BATs Defd.	25p	15	220	+7	223	[illegible]
ICI	£1	16	300	+8	402	268
BP	£1	11	766	−14	780	537
Distillers	50p	10	115	+4½	138	95½
Imperial Group	25p	10	63½	+3	88	50½
Shell Transport	25p	10	420	+6	462	332
Allied Breweries	25p	9	37½	+3	77	43
Beecham	25p	9	356	+10	390	289
Midland Bank	£1	9	223	+7	320	200
Nat. Westminster	£1	9	195	+7	272	168
Barclays Bank	£1	8	225	+7	350	190
Bowater	£1	8	165	+5	230	122
EMI	50p	8	216	+11	277	173
GKN	£1	8	248	+7	360	203
Marks & Spencer	25p	8	87	+4	108	70

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 7	Dec. 20	Mar. 10	Mar. 22
Dec. 21	Jan. 11	Mar. 24	Apr. 5
Jan. 12	Jan. 24	Apr. 6	Apr. 20

Calls were dealt in Berry Wiggins, ICI, United Scientific, RHM, UDS, Consolidated Gold Fields, J. Lyons, Burmah Oil, Pontin's and Lonrho. A put was done in Bond Worth, while doubles were arranged in Guest Keen, ICI, MEPC, English Property, Shell Transport, Courtaulds, Imperial Group, Consolidated Gold Fields, BOC, General Electric and Land Securities. A short-dated call was dealt in Consolidated Gold Fields, while doubles were arranged in Guest Keen, ICI, Shell Transport, Courtaulds, Consolidated Gold Fields, BOC, General Electric and Land Securities.

NEW HIGHS AND LOWS FOR 1976

NEW HIGHS (12)

NEW LOWS (13)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	22	1	39
Corpns., Dom. and Foreign Bonds	3	1	51
Industrials	409	103	1,074
Financial and Prop.	234	29	286
Oils	9	3	23
Plantation	4	—	34
Mines	33	29	65
Recent Issues	12	—	15
Totals	811	166	1,585

MONEY MARKET

Signal on interest charges

Bank of England Minimum Lending Rate 14¼ per cent. (since November 19, 1976)

The authorities gave another indication to the London money market on interest rates yesterday by signalling that they would not be prepared to see a fall in Bank of England Minimum Lending Rate at Friday's Treasury bill tender.

Day-to-day credit was in very short supply and assistance was given by buying a small number of Treasury bills and local authority bills from the discount houses and by lending a very large amount overnight, at Minimum Lending Rate, to ten or 11 houses. Total assistance was exceptionally large, and the help included moderate lending for seven days to the same number of houses.

This is the third consecutive week that the houses have borrowed from the authorities for seven days and on each occasion has been taken as an indication that a cut in Minimum Lending Rate would not be welcomed.

The houses buying rates for three-month Treasury bills were 13 31/32 per cent. at the close, indicating a possible cut in MLR even after the signal from the Bank of England.

Banks carried forward surplus balances and Government disbursements exceeded revenue payments to the Exchequer. These were outweighed, however by a net market take-up of Treasury bills, an increase in the note circulation, repayment of the previous day's official loans to the market, and settlement of substantial sales of gilt-edged stock.

Discount houses paid 14¼-15 per cent. for secured call loans in the early part and closing balances were taken at around 14¼ per cent.

Rates in the table below are nominal in some cases.

Dec. 7 1976	Sterling Certificates of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposits	Treasury bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	14⅝-15	—	—	—	14⅝	14⅛-15	—	—	—
2 days notice	—	—	14⅝-15	—	—	—	—	—	—	—
7 days or 7 days notice	—	14⅝-15	14⅞-15⅛	—	14⅞-15⅛	15	14⅝-14⅞	—	—	—
One month	14¼-14⅜	14⅝-14⅞	14⅞-15	15¼-14¾	14⅞-15⅛	15	14⅝-14⅞	13⅞-13⅞	14⅛-14⅜	15¼-15⅛
Two months	[illegible]	14⅝-14⅞	—	15⅛-14⅞	14⅞-15⅛	—	14-14⅛	14⅛	14⅛	15¼-15
Three months	[illegible]	14⅝-14⅞	14⅞-15	15-14⅞	14⅞-15¼	—	14-14⅛	13⅞	14⅛-14⅜	15¼-14⅞
Six months	13⅞-13⅞	13⅞-13⅞	14⅝-14⅞	14⅞-13¾	14⅝-15¼	—	—	—	13⅝-13⅞	15¼-14⅞
Nine months	13⅞-13⅞	13⅞-13⅞	—	14⅛-14	14⅝-15¼	—	—	—	—	—
One year	13⅞-13⅞	13⅞-13⅝	15-15¼	14¼-13¾	15⅛	—	—	—	—	—
Two years	—	—	15-15¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

CMF Ltd. Nov. 25.	$US9.55	9.98	.....	—
CMT Ltd. Nov. 25.	£9.22	9.46	.....	—
Metals Tst. Nov. 18.	£12.27	12.57	.....	—
TMT Nov. 11	$US9.96	10.22	.....	—
TMT Ltd. Nov. 11	£10.10	10.36	.....	—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg.

WorldWideGth Fd.	$US11.52	+0.14	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥Net of tax on realised capital gains unless indicated by ◊. ¶Guernsey yield. #Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

REGIONAL MARKETS

[illegible]

CONTRACTS AND TENDERS

ART GALLERIES

CLUBS

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101½	99	Treasury 10½pc 1976‡‡	99	.....	10.55	13.96
96	95	Treasury 6¾pc 1977‡‡	96	+	6.37	14.09
97¾	94½	Electric 3pc '74-77	97¼	+	3.08	13.67
103	97	Treasury 11½pc '77‡‡	98	+	11.67	13.38
95⅝	91⅞	Treasury 3pc '77‡‡	94	+	3.19	9.77
95	92	Transport 4pc '72-77	95	.....	4.18	8.45
99	90½	Treasury 9pc 1978‡‡	95	+	9.45	13.12
101½	93⅞	Treasury 10½pc '78‡‡	96	+	10.92	13.18
93¾	89⅝	Exch. 5p '76-78	90⅞	.....	5.50	10.68
103	92	Treasury 11½pc '79‡‡	94	+	12.12	14.21
98¼	92	Treas. 11½pc '79 'A'‡‡	94	+	12.13	14.23
88⅞	82¼	Treasury 3pc '79‡‡	84	.....	3.57	9.67
89½	82¼	Electric 4¼pc '74-79	85	.....	4.99	10.50
100	88⅞	Treasury 10½pc '79‡‡	91	+	11.49	14.22
86¾	82¼	Electric 3½pc '76-79	84	.....	4.16	9.88
96	84½	Treasury 9pc 1980‡‡	86	–	10.36	14.20
96½	84	Treasury 9½pc '80‡‡	87½	–	10.87	14.38
86	78¼	Treasury 3½pc '77-80	81¼xd	+	4.31	9.95
89½	80	Funding 5¼pc '78-80‡‡	82½	.....	6.36	11.43
96	96	Exch. 13pc 1980‡‡	96	–	13.49	14.20
103	88½	Treasury 11½pc 1981‡‡	91	–	12.59	14.31
86	76¼	Treasury 3½pc 1979-81	77	.....	4.50	10.13
95⅝	82	Treasury 9¾pc 1981‡‡	85	+⅛	11.38	14.29
		Five to Fifteen Years				
94⅛	79⅞	Treasury 8¼pc '80-82‡‡	84⅞	+⅛	10.43	13.63
71⅛	69¾	Treasury 3pc '82‡‡	71⅛	–⅛	4.24	10.46
99½	98¼	Treasury 14pc '82‡‡	99½	+⅛	14.22	14.42
107¾	88⅞	Treasury 12pc 1983‡‡	93⅛	+⅛	13.27	14.35
81⅛	69⅝	Funding 5½pc '82-84‡‡	72¼	+⅛	7.79	11.70
87⅝	74¼	Treasury 8¼pc '84-86‡‡	74½xd	+⅛	11.25	13.07
74⅞	60½	Funding 6½pc '85-87‡‡	64⅛	+⅛	10.24	13.00
77⅝	65⅛	Treasury 7¾pc '85-88‡‡	69¼	+⅛	11.67	13.70
51¼	44⅝	Transport 3pc '78-88	46⅝xd	.....	6.41	11.39
59¾	48	Treasury 5pc '86-89	51	.....	9.95	13.09
103¾	87¾	Treasury 13pc 1990‡‡	93⅛	.....	14.78	15.12
75⅞	61⅝	Treasury 8¼pc '87-90‡‡	63¾xd	.....	12.91	14.38
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	50⅞	.....	11.53	13.90
		Over Fifteen Years				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Undated				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 40% (based on $US1.6700 per £)

Conversion factor 0.7141 (0.7170)

CANADIANS

[illegible]

S.E. List Premium 40% (based on $1.7146 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الاصل

INDUSTRIALS—Continued

INSURANCE

PROPERTY—Continued

TRUSTS—Continued

TRUSTS—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
45	28	Amal. Nigeria	32	......	0.93	0.9	4.5
340	160	Ayer Hitam SM1	335	......	23.0	1.4	10.6
32½	17	Berali Tin	27½	......	24.0	2.8	22.4
415	315	Berjuntai SM0.5	380	......	QSM1.5	ϕ	9.8
265	155	Geevor	230	......	5.0	—	3.3
14	6	Gold & Base 12½p	9	......	—	—	—
250	170	Gopeng Cons.	225	......	†11.0	1.3	7.5
80	64	Hongkong	72	......	—	—	—
70	56	Idris 10p	60	......	7.15	1.5	19.3
7½	6	Jantar 12½p	7	......	—	—	—
42	31	Kamunting 15p	35	......	‡7.0	1.2	‡
280	135	Killinghall	250xd	......	Q50.0	ϕ	20.0
240	168	Malay Dredging	205	......	11.0	1.1	8.3
38	20	♠Pahang	27¢	......	12.5	ϕ	‡
55	40	Pengkalen 10p	48	......	‡7.0	1.5	‡
135	104	Petaling SM1	133	......	Q12½c	—	2.3
46	19	Saint Piran	40	......	1.25	2.5	4.8
100	64	South Kinta 10p	70	......	7.5	0.6	16.5
200	105	Sthn. Malayan	174	......	11.8	1.1	10.4
46	31	Sungei Besi SM1	46	+1	—	—	—
42	29	Sungei Way SM1	42	......	ZQ10	—	5.9
48	40	Tanjong 15p	40	......	4.64	0.9	17.8
52	40	Tongkah Hrbr. SM1	43xd	......	[illegible]	0.3	‡
110	58	Tronoh SM1	100	−1	†4.29	2.0	6.5

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
65	35	Botswana RST P2	40	......	—	—	—
335	155	Messina R0.50	180	+5	Q45c	ϕ	19.5

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	9	......	0.1	ϕ	1.8
35½	15½	Charterhall 5p	22	......	—	—	—
690	550	Cons. Murch. 10c	600	......	Q140c	ϕ	18.2
440	245	Northgate C$1	400	−10	—	—	—
239	132	R.T.Z.	149	−4	g5.96	2.1	6.2
112	55	Sabina Inds. C$1	62	+2	—	—	—
£15⅞	£10	Tara Explrn. $1	£12	−½	—	—	—
45	32½	Tehidy Minerals 10p	32½	......	‡h1.66	ϕ	5.1
145	84	Yukon Cons. C$1	112	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ● Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ¶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ∥ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1975-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend, xc ex scrip issue, xr ex rights, xa ex all, xe ex capital distribution.

"Recent Issues" and "Rights" Page 21

FINANCIAL TIMES
Wednesday December 8 1976

Heath under attack from Tory MPs

BY RICHARD EVANS, LOBBY EDITOR

MR. EDWARD HEATH'S rebellious declaration that he would not support the *shadow Cabinet's* total opposition to the Government's Scotland and Wales Bill drew angry criticism from anti-devolution Conservative MPs *yesterday*.

A newly-set-up group of around 30 backbench opponents of the Government's devolution proposals are to protest collectively and individually to Mrs. Thatcher, the Conservative leader, about any move to rebel against the three-line Whip decided by the shadow Cabinet for the Bill's second reading on Thursday.

Potential

Mr. Heath's decision not to *oppose the Bill was being interpreted* at Westminster as a rallying call to other Tory MPs who were considering defying the shadow Cabinet decision.

Mr. Alick Buchanan-Smith, the pro-devolution shadow Scottish Secretary, is still *considering* his position following warnings from the Opposition Whips that *he could hardly expect to remain* in the shadow Cabinet if he failed to oppose the Government's Bill.

His position, and that of five *other pro-devolutionist front*-bench Scots, is certain to be discussed at to-night's meeting of the shadow Cabinet when pressure will be brought on Mr. *Buchanan-Smith to speak against* the Government Bill or resign.

It is impossible to estimate the scale of any Tory rebellion at the end of next week's four-day debate. Potentially there are up to 30 MPs who might be prepared to abstain against the three-line Whip and a few who could vote for the Bill. But the Tory Whips will be very active in the next week to contain the revolt by applying various pressures and the final numbers might be considerably reduced.

Encouragement for Mrs. *Thatcher and the shadow Cabinet* came from the anti-devolutionist Unionist group of backbenchers who offered "strong support" for the decision to have an all-*out campaign against the legis*lation on the grounds that it was too bureaucratic and would begin a slide towards the break-up of the U.K.

Some of the backbenchers suggested that Mr. Heath and his supporters were acting in contravention of a party agreement earlier in the year when, it was claimed, the Tories had agreed to support the principle of devolution but to oppose any Bill based on the contents of the White Paper.

Specific pledge

One of the group, Mr. George Gardiner, MP for Reigate, commented: "Any Tories contem*plating revolt on the shadow* Cabinet's policy will do their cause more harm than good. Last time this was debated many of us obeyed a three-line Whip *for a pro-Assembly amendment* only after a specific pledge that the party would fight the Government's Bill.

"If some leading Tories now default on this, the effect could be to wipe the slate clean of previous mutual commitments. If Mr. Heath claims the luxury of independent action he must not be surprised if in future those on the other side of the argumen do the same."

Mr. John Biggs-Davison, an Opposition front-bench spokesman on Ulster, attacked Mr. Heath by claiming that the former party leader and chief whip was now "gamekeeper turned poacher with a vengeance."

Sports Council offers £2.5m.

THE SPORTS Council has offered a £2.5m. grant towards the £3m. estimated cost of a new national indoor athletics and cycling stadium at Sandwell in the West Midlands.

Sandwell, which is bidding to *hold the 1980 Commonwealth* Games, provides an ideal location for a major sports centre, the Sports Council said yesterday. It should be completed in 1982.

Facilities will include a 200-metre, four-lane athletics track, and a 250-metre cycle track. Within the two tracks will be an arena with a 60-metre sprint track and space for indoor field events.

Dutch offer on defence costs

BY MALCOLM RUTHERFORD

BRUSSELS, Dec. 7.

THE DUTCH Government is ready to take over some of the foreign exchange element in British defence expenditure in return for a greater British role in *maritime reconnaissance*.

The broad outline of the Dutch proposals has already been put to Mr. Fred Mulley, *the British Defence Secretary*, when he visited The Hague last month. They will be presented in much more detail when Mr. Bram Stemerdink, the Deputy Dutch Defence Minister, goes to London for talks with Mr. Mulley next week.

The Dutch are intially talking about 750m. guilders (about £180m.). This compares with the foreign exchange costs *of maintaining the British* Army of the Rhine which are at present about £600m. a year. British efforts to secure compensation for this have so far *been directed solely at the* West Germans.

The aim, apart from helping Britain, is to further the Dutch *objective* of saving *money* by greater specialisation among European countries in defence tasks.

The Dutch plan involves a redivision of tasks between British *and Dutch forces*—including British and Dutch forces in Germany—this would be to allow more British defence expenditure to be *spent in Britain*.

Essentially the Dutch are suggesting that their own present maritime reconnaissance task should be taken over by Britain. This would mean a new fleet of Nimrod anti-submarine warfare patrol aircraft which would be built in Britain and flown and maintained by the British.

In return, the Dutch would release the 750m. guilders they have in their budget for the replacement of their own maritime reconnaissance aircraft for other purposes. *According to high level Dutch* sources, this could include a greater Dutch contribution to the defence of the Channel and eastern Atlantic, or a Dutch participation in the costs of keeping British troops in Germany.

Miki 'has made up his mind to resign'

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 7.

MR. TAKEO MIKI has made up his mind to withdraw from the Japanese Premiership, according to one main Japanese newspaper, quoting "sources close to the Prime Minister."

The Yomiuri Shimbun, in its Tuesday evening edition, said that Mr. Miki's mind appeared to have "cleared" on the sub*ject during the past 24 hours*.

The paper predicted that the Liberal Democratic Party might hold a meeting about December 22 or 23 to formalise Mr. Miki's *resignation from presidency of* the Party, and choose a new leader.

The Party would then hope to elect its new leader as Prime Minister at a *special session of* the Diet (Parliament) to be convened a few days later.

Mr. Takeo Fukuda, Mr. Miki's long-time rival and former Deputy Prime Minister, is still being tipped as the most likely successor, though many influential figures in the Liberal Democratic Party are keeping silent on the leadership issue in the aftermath of the LDP's election setback.

Mr. Miki had a meeting on Monday night with Mr. Tsuneo Uchida, Secretary General of LDP, at which, the newspaper claims, he indicated he would probably not try to cling to the Premiership ata ll cost.

Important

Another important meeting to-day, was between Mr. Miki and Mr. Masayoshi Ohira, Minister of Finance.

During the 20-minute discussion, Mr. Miki apparently tried to elicit Mr. Ohira's views on the leadership issue. Mr. Ohira's only response seems to have been to point out that Mr. Miki should take responsibility for the election result.

Mr. Ohira leads the third largest faction in the LDP, and has publicly announced his sup*port for Mr. Fukuda as the next* Prime Minister and leader of the party.

If the party does select Mr. Fukuda as its new leader, it will still have to secure his election in the Lower House of the Diet *in what is now likely to be a* fairly close vote.

The combined "progressive" Opposition parties will be proposing Mr. Tomomi Narita, chair*man of the Japan Socialist* Party, as new Premier, and will, in the light of the election resule, be able to muster nearly half the total membership of the House in his favour.

The LDP's chance of getting a comfortable majority for its candidate will be greatly strengthened if the 17-member New Liberal Club agrees to vote for the Government candidate.

Condition

Mr. Yohei Kono, NLC leader, seeme dto-day to be hinting that he would probably do this, but only on condition that the LDP showed sufficient "penitence" about its recent performance.

Aside from the choice of new Prime Minister, the main preoccupation of the LDP during the next few days is likely to be to sound out Opposition parties *on the terms under which* they might co-operate with it in the management of the next regular Diet session.

Mr. Raizo Matsuno, chairman of the LDP's *executive Board*, has asked the Komeito, the Democratic Socialist Party and the New Liberal Club to sign a general policy agreement with *the LDP which could serve as* a basis for co-operation in the Diet.

The policy agreement would be framed in extremely general terms.

By asking for the agreement, Mr. Matsuno appeared to indicate that the LDP was interested in *de facto* co-operation with the Opposition parties, rather than in forming a coalition.

The Tokyo Stock Market scored a 64.48 rise to-day, regaining the 4,650 level lost more than a month ago.

The boom was ascribed to "bar*gain hunting*" in some market reports. Others put it down to deliberate buying support by the major securities houses at what could otherwise have been a *period of somewhat shaky mar*ket performance.

Issuing Houses chief new director general of Take-over Panel

BY MARGARET REID

MR. DAVID MACDONALD, a merchant banker who is a director of Hill Samuel and chairman of the Issuing Houses Association, is to succeed Mr. Martin Harris as director general of the City Take-over Panel on April 1 next year.

Mr. Macdonald, who is 40 and has run Hill Samuel's corporate finance side for the past six years, will be the panel's fourth chief executive—its chairman is Lord Shawcross—and the third merchant banker to hold the office.

For the past two years he has, as chairman of the IHA, headed the City working party which prepared the latest revision of the Take-Over Code earlier this year.

Yesterday Mr. Macdonald, whose new appointment has been made by the panel, with the approval of Mr. Gordon Richardson, Governor of the Bank of England, said there were two aspects of thoughts which specially appeal to him.

One was the continuance of his interest in the work of the Panel, which had done a good job.

Of the other he said: "I envisage that the next two years will be fairly critical and interesting for the wider development of self-regulation in the City, following the recent decision by Mr. Edmund Dell, the Trade Secretary, *to adopt that system* in preference to any Securities and Exchange Commission."

Mr. Macdonald has been seconded by Hill Samuel for two *years for his new task*.

The present director general, Mr. Harris, the only accountant to have held the job, will have occupied the post for two and a-half *years when he leaves in* April. As a partner in City accountants Price Waterhouse, he acted as accounting adviser to the panel for five years before that.

Mr. Harris said he had not yet decided on his future role and was still reviewing possibilities.

Continued from Page 1

Bank lending

been anticipatory demand by big borrowers expecting controls to *be imposed. There may also have* been some further arbitrage movements among the banks and the money market.

At the same time, there has been a continuing demand for loans to finance stocks at rising prices and a rise in lending to the drinks trade may have reflected finance for stocks to meet public demand ahead of expected value added tax rises.

The corset controls operate on the *banks' interest-bearing* resources, imposing a strict limit on their permitted growth over six months compared with the base level set as the average of *the three months August*-October. Banks which go above the limit are subject to penalties in the form of non-interest-bearing special deposits with *the Bank on a sliding scale* which rapidly becomes very expensive.

While recognising the need to cut back yesterday, however, the banks emphasised that there was still some time in which they could adjust their figures *to the* new controls. They will receive some relief from the return flow of funds from sterling lending abroad as a result of the new exchange controls preventing its use for third country trade officially estimated to release about £500m.

They hope that they still will *be able to meet the needs of* priority borrowers in manufacturing industry.

Continued from Page 1

Healey

leader that there would be no soft options, "and I do not promise any real easement in standards of living for some time to come."

All the signs yesterday were that the Cabinet is agreed on a policy of further public expenditure reductions affecting not *only 1977-78 but also the next* two or three years. Ministers are continuing the agonised process of agreeing suitable cuts that wil not have too harsh an effect on unemployment.

The Cabinet met for three hours in the morning, and the meeting resumed in the evening in the PM's room at the Commons. It was the seventh meeting in the present series.

There will be a further Cabinet meeting to-morrow when *it is hoped the final list of cuts* will be agreed.

It was stressed in Whitehall that the Commons comments on Monday by Mr. Robert Sheldon, *a Treasury Minister*, apparently ruling out increases in value-added tax and excise duties, had done no such thing. All options remained open.

Wallace Brothers takeover move to bolster confidence

BY MARGARET REID

STANDARD CHARTERED Bank, the big overseas banking group, has stepped in to bolster confidence by taking over Wallace Brothers (Holdings, whose banking subsidiary faces serious losses on its loan portfolio. The Crown Agents, which conducts investment and purchasing for many overseas governments, has a large stake in Wallace.

Standard Chartered, whose chairman is Lord Barber, the former Chancellor of the Exchequer, announced its move last night after talks with the Bank of England, which *is* specially interested because Wallace Brothers' Bank is an authorised bank.

Mr. Peter Graham, deputy managing director of Standard Chartered, said that Wallace's *difficulty was* "*basically a prob*lem of property lending." This has been a trobule faced in the past few years by a range of secondary banks.

Standard Chartered is making an agreed offer to acquire the whole capital of Wallace Brothers (Holdings)—whose total assets at the end of July *1975 were £128m.—for a deferred* cash consideration of not more than £1m. The sum payable will be related to net worth and be calculated in 1982.

The Crown Agents, which has already written off more than £100m. through its involvement in the secondary banking crisis, has a 27 per cent. stake in *Wallace Brothers*, a private company, in which certain members of the Wallace family hold at least 38 per cent.

Indemnities

The principal shareholders in *Wallace Brothers*, with 65 per cent. of the shares between them, have agreed to the takeover and have given indemnities to protect Standard Chartered as to the net worth position of the Wallace group.

Mr. Graham said last night that the acquisition was a matter of "taking steps to forestall lack of confidence." He did not know of any run on deposits in Wallace, which at the end of July, 1975 had deposits of £78m. In 1974-75, Wallace had a pre-tax loss of £2m. The property problems had developed more recently causing the position to deteriorate.

The Wallace Brothers grou has banking, trading, and industrial interests in obth Britain and the Far East. Its banking interests comprise Wallace Brothers Bank and deposit-taking companies on Austraila and Jersey.

Standard Chartered, in which the Midland Bank has a minority shareholding of 18 per cent., yesterday announced an increase in its own profits before tax and extraordinary items to £47.7m. in the half-year to September, compared with £46.7m. a year earlier.

Of the take-over of Wallace, Mr. Graham added: "We are satisfied that it is in hte best interests of all cnocerned, including shareholders."

Government to re-launch aid scheme for clothing industry

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE GOVERNMENT is to re-launch its Industry Act aid scheme for the clothing industry. The response to the present *scheme, due to run out at* the end of this year, has been disappointing.

A total of £15m. has been set aside compared with £20m. under the original plan. Rates of grant have been increased and the conditions for applying have been relaxed.

Mr. Alan Williams, Minister of State for Industry, announcing the new scheme in London yesterday, said the original plan had not proved entirely successful. But the lack of response was understandable against the background of depressed trading conditions and heavy import penetration. About 200 applications had been received under the old programme, but these accounted for only about £4m. of the money on offer from the Government.

A request for changes to the *scheme to make it more attrac*tive was submitted some months ago by the industry's economic development committee. The new proposals follow its broad *recommendations*.

The basic rate of grant towards investment is to be increased to 25 per cent. from 20 per cent. and the minimum size of project which can qualify is to be reduced from £30,000 to £10,000. The reduction recognises the existence within the clothing industry *of many* small companies and the relatively low capital cost of many projects.

Other changes are likely to be of more help to the larger companies. A limit of £5,000 on assistance payable towards the cost of employing consultants is to be removed and companies employing up to 1,000 people can now apply for assistance with consultancy fees instead of only those with up to 300 workers.

Other industries

Mr. Williams said yesterday that the Government would look *again at the total funds now to* be made available—£15m. including the £4m. already committed —if there were signs of a rush of applications. The new scheme *is due to run until the end of* next year and the terms will be applicable to projects currently being considered by the Department of Industry.

The Government hopes that the revisions will have the same *effect as changes made in other* Industry Act schemes where a boost in applications was seen as being necessary. Changes made in August to the machine tool aid package have brought a considerable increase in interest.

A late change last year to the first of the plans — for wool textiles—resulted in a big rise in requests for aid, making ie necessary for the Government to in*crease by £3m. the funds on offer*. The Department of Industry announced last week a new scheme for wool textiles to carry on the work of the first.

Urging companies to invest in equipment to raise productivity Mr. Williams claimed there were now opportunities to raise exports and replace imports. The rate of *exports could double over the* next year and the import situation could also improve as a result of the inclusion of 80-90 per cent. of clothing imports within the scope of the Multi-Fibre Arrangement, the agreement which regulates world trade in textiles. "We can see the end in sight as far as unlimited growth in imports is concerned," he said.

The new scheme comes two weeks after the announcement in the Bank of England that it was to become involved in the clothing industry through the setting-*up under Mr. Pat Koppel*, a former deputy chairman of Courtaulds, of an inquiry into sources of finance for the industry.

THE LEX COLUMN

Markets are told to be patient

By rushing out a new long gilt-edged tap stock and signalling to the discount market that MLR should not fall on Friday the authorities are evidently trying to hold the financial mar*kets steady ahead of next week's* package. The new tap — another tranche of Treasury 15¼ per cent. 1998 at £99 per cent. — took the market slightly by surprise and effectively damped down interest at the long end, although there were still modest gains among shorter dates, with demand *appearing for both* short and medium taps.

The new *long tap* — in an unusually small tranche of *£500m.* has a somewhat makeshift look about it, breaking the normal progression of falling coupons (it comes after a 15½ per cent. stock). It is being rushed through on a tighter timetable than usual (first dealings next Monday) in order, presumably, to give the auth*orities some control of this end* of the market over the package *period*.

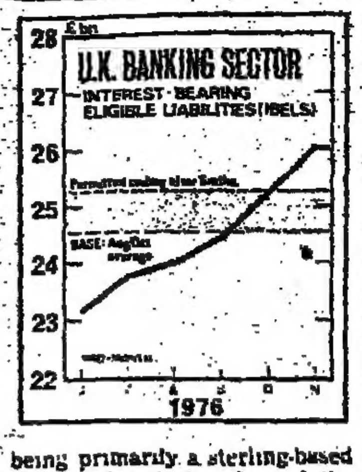
For the third consecutive *week* the Bank of England has lent to the discount market at MLR for seven days, confirming that a fall in MLR is not desired before the mini-Budget although the discount houses have been cutting their buying rates for three-month Treasury bills to below 14 per cent.

Meanwhile the latest banking figures, for the banking month which ended one day before the corset was reimposed, confirm *that the banks are going to have* difficulty in meeting the targets *for interest-bearing eligible* liabilities. After two months the whole sector's IBELs had grown 6.2 per cent. against a limit of 3 per cent. for the six months to March (more precisely, the February/April average) and the clearing banks are even more seriously over the mark. The underlying uptrend in bank lending seems to be intact, and at the end of this month the crediting of interest *will swell the banks' liabilities* further. In themselves the December (make-up day is to-day) and January figures for IBELs do not matter much, but strenuous action will be needed by the banks to keep the February figure down.

Standard Chartered

With around two-thirds of its business overseas, Standard Chartered appears to be sufferings from the disadvantages of being primarily a sterling-based bank and enjoying few of the advantages. During the group's half year to September, sterling's depreciation, on a trade weighted basis, widened from 34.1 per cent. to 44.6 per cent., yet pre-tax profits are only 2 per cent. *ahead at £47.7m.* and are £2.1m. down at the trading level, which includes around £2m. of earnings on the rights issue, proceeds.

Index rose 9.7 to 319.8



The figures are not strictly *comparable since the Nigerian* affiliate, which chipped in around a seventh of last year's profits, is now being treated as an associate, following the increase in the Nigerian shareholding. Nevertheless, the trading picture has been duller than expected. The group operates in around 30 so-called "third world" countries and is *taking a more cautious view of* their economic performance in the short term, while at home, the Hodge Group's recovery has been halted by the sharp rise in MLR.

Balance sheet assets have risen by perhaps 10 per cent. over the half year but most of this reflects the decline in sterling and if asset growth continues at this pace the free capital ratio of around 2.6 per cent. will tend to be eroded. Against this background, and the prospect of profits a shade above £100m. for the full year, the shares at 283p are looking to the prospective yield of 9.4 per cent. for support.

Ranks Hovis

Ranks Hovis' margins have gently widened over the year to September 4, and taking in an extra week profits are up from £30.2m. to £41.9m. before tax and lower rationalisa[tion pro]visions. Since the ... year profits have ... improve, but RHM ... statements on prosp... annual meeting at ... January. By the... know just which w... is blowing on bre... counts.

Last year's recovery was probably worth £... tax profits. But the ... sion is still making ... than a tenth of tot... and any increase in c... pressures in th... would come at a tim... raw material costs ... something like half ... put of standard loav... retailers at the cur... mum discount of 2... Fortunately, the mil... the group is happily ... milling going well aft... second half last ye... division profits rising ... ued volume gains ab... seas side making ... Animal feeds and ... recovered from the ... caused by the weath...

Finally, this year ... ation charges co... to around £1m. ... tion of a seventh ... workforce over the ... years. But at this sh... ket is keeping its e... open. At 36½p the ... a twice covered 13... which is still 3¼ poi... Spillers.

JFB/Dunford

Johnson and Fi... formal offer docum... ford and Elliott ... keeping some of its ... though forecasting ... tax for the ... December, JFB is ... turing the £10m. ... year which was m... court last week. M... careful to state th... the information ... which it saw in ... courtesy of the E... "material in rela... offer." Certainly, th... not appear to take ... anything like Dun... dential" forecast ... tax, for taking in ... this basis would ... prospective earn... around 6.5p to 7.7p ... course of the bid ... around whether Du... able to produce su... and make it credib... even now Dunfo... capitalisation is or...

Weather

U.K. TO-DAY

SHOWERS, falling as sleet or snow in Scotland, Ulster and on *high ground further S*. Strong winds in England and Wales.

London, E. Anglia, Midlands, E., Cent. N., N.E. England

Showers or longer periods of rain. Sleet or snow on high ground. Wind W. strong. Max. 7C (45F).

S.E., Cent. S., S.W., N.W. England, Wales, Lakes, I. of Man

Showers or longer periods or rain. Sleet or snow on high ground. Wind W. strong; gales on coasts. Max. 7C (45F).

All Scotland, Shetland, N. Ireland

Sleet or snow showers, some sunny intervals. Wind variable light: N.W. fresh later. Max. 5C (41F).

Outlook: Scattered wintry showers, sunny intervals. Cold, with frost night and morning.

Lighting up: London 16.22, Manchester 16.20, Glasgow 16.14, Belfast 16.28.

BUSINESS CENTRES

	Y'day mid-day	°C	°F		Y'day mid-day	°C	°F
Amstrdm.	S	6	43	Manchstr.	C	5	41
Athens	F	16	61	Melbourne	C	19	66
Barcelona	C	17	63	Mexico C.	S	20	68
Belfast	R	4	39	Milan	D	2	36
Belgrade	S	11	52	Montreal	R	4	39
Berlin	C	6	43	Moscow	C	2	36
Birmghm.	R	5	41	Munich	C	3	37
Bristol	C	7	45	Newcastle	R	4	39
Brussels	S	8	46	New York	R	14	57
Budapest	R	4	39	Oslo	Sl	1	34
B. Aires	C	24	75	Paris	S	9	48
Cairo	S	25	77	Perth	C	24	75
Cardiff	R	7	45	Prague	C	5	41
Cologne	S	8	46	Reykjavik	S	−8	18
Copnhagn.	R	6	43	Rio de J'o	S	33	91
Dublin	C	7	45	Rome	R	16	61
Edinb'rgh	C	3	37	Singapore	R	30	86
Frankfurt	C	7	45	Stockholm	R	3	37
Geneva	R	8	46	Strasb'rg	R	7	45
Glasgow	C	5	41	Sydney	C	35	95
Helsinki	Sn	0	32	Tehran	S	10	50
Hong Kong	S	20	68	Tel Aviv	C	19	66
Jo'burg	S	18	64	Tokyo	C	8	46
Lisbon	F	13	55	Toronto	C	−3	27
London	C	8	46	Vienna	P	7	45
Luxemb'g	F	5	41	Warsaw	F	5	41
Madrid	C	13	55	Zurich	R	3	37

HOLIDAY RESORTS

Ajaccio	C	16	61	Jersey	F	9	48
Algiers	C	21	70	Las Plms.	F	20	68
Biarritz	F	15	59	Locarno	R	1	34
Blackpool	F	6	43	Majorca	C	17	63
Bordeaux	R	12	54	Malaga	F	18	64
Boulogne	F	8	46	Malta	S	18	64
Casablnca.	C	20	68	Nairobi	C	20	68
Cape Town	C	19	66	Naples	C	16	61
Corfu	C	15	59	Nice	F	11	52
Dubrovnik	R	11	52	Oporto	C	14	57
Faro	C	16	61	Rhodes	S	18	64
Funchal	S	20	68	Salzburg	C	11	52
Gibraltar	C	17	63	Tangier	C	17	63
Guernsey	F	9	48	Tenerife	C	14	57
Innsbruck	F	4	39	Tunis	F	20	68
Inverness	F	1	34	Valencia	F	22	72
Isle of Man	C	5	41	Venice	R	8	46
Istanbul	S	14	57				

S—Sunny. F—Fair. C—Cloudy. D—Drizzle. R—Rain. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London. © The Financial Times Ltd.